



COUNTY OF PLACER

County Executive Office
175 Fulweiler Avenue
Auburn, CA 95603

Placer County Consolidated Oversight Board Special Meeting Agenda

August 15, 2018

10:00 A.M.

Board of Supervisors Chambers
175 Fulweiler Avenue
Auburn, CA 95603

Members of the Board:

Jennifer Montgomery, appointed by Placer County Board of Supervisors

Ken Broadway, appointed by City Selection Committee

Josh Alpine, appointed by Special District Selection Committee

Martin Fregoso, appointed by County Superintendent of Education

Erik Skinner, appointed by Chancellor of the California Community Colleges

Theresa May Duggan, Public Member appointed by Placer County Board of Supervisors

Catherine Donovan, former Redevelopment Agency Employee appointed by Placer Public Employees Organization

Call to Order

Flag Salute

Roll Call

Oaths of Office

Public Comment

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the items come up for Board consideration. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak. Comments from the audience WITHOUT coming to the podium will be disregarded or ruled out of order. Please state your name and address for the record.

Administrative Actions

1. **Adopt a resolution affirming the selection of officers for the Placer County Consolidated Oversight Board**
2. **Adopt a resolution establishing Bylaws for the Placer County Consolidated Oversight Board**
3. **Receive a presentation on the responsibilities of the Consolidated Oversight Board, Ralph M. Brown Act, and Conflicts of Interest**
4. **Adopt a resolution adopting Conflict of Interest Code for the Placer County Consolidated Oversight Board**

5. **Approve the sale of property at a value that is less the outstanding debt owed to the Lincoln Redevelopment Successor Agency.**

Adjourn

Next meeting: There is a tentative Special Meeting scheduled for September 18 at 2pm and the regularly scheduled meeting is October 3 at 11am.

The above actions of the Consolidated Oversight Board (Board) shall not become effective for five (5) business days, pending any request by the Department of Finance (DOF). If DOF requests review of the above Board actions, it will have forty (40) days from the date of its request to approve the Board action or return it to the Board for reconsideration and action. If action is taken by the Oversight Board, action will not be effective until approved by DOF.

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the Clerk of the Board's office at 175 Fulweiler Avenue, Auburn, CA during normal business hours. Placer County is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you are hearing impaired, we have listening devices available. If you have a disability and need a disability-related modification or accommodation to participate in the meeting, please contact the Clerk of the Board's office at (530) 889-4000. Contact the Clerk of your needs at least 24 hours prior to the meeting. If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Clerk five (5) business days prior to the scheduled meeting for which you are requesting accommodation. Request received after such time will be accommodated on if time permits.

M E M O R A N D U M
PLACER COUNTY CONSOLIDATED OVERSIGHT BOARD

TO: Honorable Consolidated Oversight Board

FROM: Andrew C. Sisk, Auditor-Controller
By: Matt Levesque, Management Analyst II

DATE: August 15, 2018

SUBJECT: Selection of Officers to the Placer County Consolidated Oversight Board

ACTION REQUESTED

1. The Placer County Auditor-Controller will open and close nominations for the Chairperson of the Placer County Consolidated Oversight Board. Votes will be cast for nominees by roll call vote. The nominee receiving a majority vote will be elected Chairperson.
2. The Chairperson will then call for nominations for the election of Vice Chairperson and votes will be cast by roll call vote. The nominee receiving a majority vote will be elected Vice Chairperson.
3. Adopt a resolution affirming the members selected to serve as the Chairperson and Vice Chairperson of the Placer County Consolidated Oversight Board.

BACKGROUND

Pursuant to Health and Safety Code 34179, Oversight Boards are required to elect one member to serve as Chairperson. In addition, it is advisable, though not required, that a Vice Chairperson be elected to preside over meetings in absence of the Chairperson.

A majority of the total membership of the Oversight Board constitutes a quorum for the transaction of business. As this is the first meeting of the Placer County Consolidated Oversight Board a Chairperson and Vice Chairperson have not been established. It is recommended that staff open and close nominations for the Oversight Board to elect a Chairperson. After nominations have been solicited, votes will be cast by a roll call vote. The nominee receiving a majority vote will be elected as Chairperson. The Chairperson will then call for nominations to elect a Vice Chairperson and votes will be cast by a roll call vote. The nominee receiving a majority vote will be elected as Vice Chairperson.

ENVIRONMENTAL STATUS

This is an administrative action, does not constitute a project, and is exempt from environmental review per California Environmental Quality Act Guidelines Section 15378(b)(5).

FISCAL IMPACT

There is no fiscal impact associated with approval of the requested actions.

ATTACHMENTS

Resolution

Before the Placer County Consolidated Oversight Board County of Placer, State of California

In the matter of:

Adopt a resolution affirming the members
selected to serve as the Chairperson and Vice
Chairperson of the Placer County Consolidated
Oversight Board.

Reso. No: 2018-001

The following Resolution was duly passed by the Placer County Consolidated Oversight Board at a special meeting held on August 15, 2018, with the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Consolidated Oversight Board

Clerk of said Board

WHEREAS, that the Placer County Consolidated Oversight Board (Oversight Board) has been formed pursuant to Health and Safety Code Section 34179 to oversee the close out and winding down of the Redevelopment Agencies within Placer County by the Successor Agencies to the Redevelopment Agencies;

WHEREAS, the members of the Oversight Board in attendance at the initial meeting of the Oversight Board have been sworn in as public officials;

WHEREAS, during the initial meeting of the Oversight Board, the Chairperson and the Vice Chairperson have been selected by a majority vote of the Oversight Board;

WHEREAS, it is anticipated that the Chairperson will preside over all meetings of the Oversight Board and that the Vice Chairperson will carry out the Chairperson's role in the event of their absence or recusal from discussion of a particular matter; and

WHEREAS, any future change in the identity of the Chairperson or Vice Chairperson shall be confirmed by majority vote of the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. The Chairperson of the Oversight Board is: _____.
2. The Vice Chairperson of the Oversight Board is: _____.

M E M O R A N D U M
PLACER COUNTY CONSOLIDATED OVERSIGHT BOARD

TO: Honorable Consolidated Oversight Board

FROM: Andrew C. Sisk, Auditor-Controller
By: Matt Levesque, Management Analyst II

DATE: August 15, 2018

SUBJECT: Adopt Bylaws for the Placer County Consolidated Oversight Board

ACTION REQUESTED

Adopt a resolution establishing Bylaws for the Placer County Consolidated Oversight Board.

BACKGROUND

The Placer County Consolidated Oversight Board (Oversight Board) has been established pursuant to Health and Safety Code 34179 to oversee the closure and winding down of the Redevelopment Agencies within Placer County by the Successor Agency to the Redevelopment Agency for the Cities of Auburn, Lincoln, Rocklin, Roseville, and Placer County.

Oversight Boards are public bodies that must conduct their business in open meetings.

Draft bylaws have been prepared for the Oversight Board's consideration. It is recommended the Oversight Board adopt a Resolution approving the Bylaws. Of note, the Bylaws contain rules, procedures, and establish a regular meeting day of the Oversight Board. As part of the drafted Bylaws, staff is proposing to establish regular meeting dates of the Oversight Board to be held on a quarterly basis on the first Wednesday of the month in January, April, July, and October. Staff recommends that regular meeting dates be established in order to better accommodate the needs of Successor Agencies within the County, as each Successor Agency continues to wind down the affairs of each former Redevelopment Agency, which often require Oversight Board approval. Regular meetings may be canceled if there are no items for the Board's consideration. Additionally, special meetings may be scheduled in the event a Successor Agency requires Oversight Board consideration on a time sensitive item contingent upon board member availability.

ENVIRONMENTAL STATUS

This is an administrative action, does not constitute a project, and is exempt from environmental review per California Environmental Quality Act Guidelines Section 15378(b)(5).

FISCAL IMPACT

There is no fiscal impact associated with approval of the requested action.

ATTACHMENTS

Resolution

Before the Placer County Consolidated Oversight Board County of Placer, State of California

In the matter of:

Adopt a resolution establishing Bylaws for the
Placer County Consolidated Oversight Board.

Reso. No: 2018-002

The following Resolution was duly passed by the Placer County Consolidated Oversight Board at a special meeting held on August 15, 2018, with the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Consolidated Oversight Board

Clerk of said Board

WHEREAS, that the Placer County Consolidated Oversight Board (Oversight Board) has been formed established to direct the Successor Agencies to the former Redevelopment Agencies within Placer County to take certain actions to wind down the affairs for said Redevelopment Agencies in accordance with the Health and Safety Code;

WHEREAS, the Oversight Board desires to adopt bylaws and regulations for the general operation of the Oversight Board, including but not limited to the designation of officers and conduct of meetings.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. The Bylaws of the Placer County Consolidated Oversight Board, a copy of which is attached hereto and incorporated herein as "Exhibit A", are hereby approved.

Section 2. The clerk shall certify to the adoption of this resolution.

EXHIBIT A

BYLAWS

CONSOLIDATED OVERSIGHTBOARD FOR THE

**SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY FOR THE CITY OF AUBURN,
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY FOR THE CITY OF LINCOLN,
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY FOR THE CITY OF ROCKLIN,
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY FOR THE CITY OF ROSEVILLE,
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY FOR THE COUNTY OF PLACER**

ARTICLE I – THE OVERSIGHT BOARD

Section 1. Name of the Oversight Board

The name of the Oversight Board shall be the “Placer County Consolidated Oversight Board” (herein referred to as the “Oversight Board”).

Section 2. Purpose

The Oversight Board exists by virtue of and shall perform the duties described in the California Health and Safety Code 34179-34181 in connection with the winding down of the affairs of the former Redevelopment Agency for the City of Auburn by the City of Auburn in its capacity as Successor Agency to the City of Auburn Redevelopment Agency, the former Redevelopment Agency for the City of Lincoln by the City of Lincoln in its capacity as Successor Agency to the City of Lincoln Redevelopment Agency, the former Redevelopment Agency for the City of Rocklin by the City of Rocklin in its capacity as Successor Agency to the City of Rocklin Redevelopment Agency, the former Redevelopment Agency for the City of Roseville by the City of Roseville in its capacity as Successor Agency to the City of Roseville Redevelopment Agency, and the former Redevelopment Agency for the County of Placer by the County of Placer in its capacity as Successor Agency to the Placer County Redevelopment Agency.

Section 3. Membership/Duration

a. Total Membership/Appointment

The total membership of the Oversight Board shall be seven (7), appointed pursuant to Health and Safety Code 34179. The members shall serve without compensation and without reimbursement of expenses. Each member shall serve at the pleasure of the entity that appointed such member.

b. Members

Each appointing entity responsible for appointments to the Oversight Board may appoint a primary representative and an alternate representative. Only the official representative present or the alternative representative present shall represent an appointing entity on the Oversight Board.

c. Duration

The Oversight Board shall remain established until terminated pursuant to Health and Safety Code 34179 (m).

Section 4. Local Entity

Pursuant to Health and Safety Code 34179(e), the Oversight Board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974.

EXHIBIT A

Section 5. Personal Immunity

Oversight Board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as members of the Oversight Board in accordance with applicable law.

Section 6. Fiduciary Responsibilities

Oversight Board members shall have fiduciary responsibilities to holders of enforceable obligations, as the term is defined in Health and Safety Code 34171(d), and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Health and Safety Code 34188. Oversight Board members shall exercise independent judgement considering the interest of the community and not solely the interests of their appointing entities.

Section 7. Resignation

Any Oversight Board member may resign at any time by providing written notice to his or her appointing entity and the Chairperson, who shall forward such notice to the Placer County Auditor-Controller's Office. Any such resignation will take effect upon receipt or upon any date specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 8. Filling of Vacancies

In the event of a vacancy on the Oversight Board, the appointing entity for the vacant seat shall select a member to fill such vacancy as soon as reasonably practicable, provided however, that the Governor may appoint individuals to fill any member position that remains vacant for more than sixty (60) days.

Section 9. Staff

The Placer County Auditor-Controller, or their designee, shall act as staff to the Oversight Board, who may direct them to perform work in furtherance of the duties and responsibilities of the Oversight Board. The Placer County Auditor-Controller, or their designee, shall keep the records of the Oversight Board. The Oversight Board may delegate ministerial functions as deemed necessary by the Oversight Board to the Auditor-Controller, who may designate a County staff member to act as secretary at the meetings of the Oversight Board. In consultation with the Chairperson and Successor Agencies, The Auditor-Controller will prepare Oversight Board meeting agendas, shall prepare minutes of meetings of the Oversight Board, and keep a record of the meeting minutes of the Oversight Board. The Auditor-Controller, or their designee, shall attest to and/or countersign all documents of the Oversight Board. The Auditor-Controller's office shall be the designated contact between the Oversight Board and the State Department of Finance (DOF), as well as other public agencies and private parties. The Auditor-Controller's office shall provide telephone and contact information to DOF in accordance with Health and Safety Code 34179(h). The Auditor-Controller shall report all Oversight Board related communications with the DOF to the Oversight Board.

The Oversight Board may direct the staff of Successor Agencies to provide additional legal or financial advice than what was given by agency staff.

The Oversight board may engage legal counsel as may be deemed necessary.

ARTICLE II – OFFICERS

Section 1. Officers

The officers of the Oversight Board shall consist of a Chairperson and Vice Chairperson, who shall be elected in the manner set forth in this Article.

EXHIBIT A

Section 2. Chairperson

The Chairperson shall preside at all meetings of the oversight Board.

Section 3. Vice Chairperson

The Vice Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. In the event of the death, resignation or removal of the Chairperson, the Vice Chairperson shall assume the Chairperson's duties until such time as the Oversight Board shall elect a new Chairperson.

Section 4. Additional Duties

The officers of the Oversight Board shall perform such other duties and functions as may from time to time be required by the Oversight Board, these Bylaws or other rules and regulations, or which duties and functions are incidental to the officer held by such officers.

Section 5. Election

The Chairperson and Vice Chairperson shall be elected from among the members of the Oversight Board. Both the Chairperson and Vice Chairperson shall then serve at the pleasure of the Oversight Board. Each officer shall hold office until resignation or until his/her successor is elected and takes office.

Section 6. Vacancies

Should the office of Chairperson or Vice Chairperson become vacant, the Oversight Board shall elect a successor from among the Oversight Board members at the next regular or special meeting.

Article III – Meetings

Section 1. Regular Meetings

Regular meetings shall be held quarterly on the first Wednesday of the month in January, April, July and October of each year until such time as the Oversight Board shall cease to exist as per Health and Safety Code 34179(m). Annual meetings will take place at Placer County Administrative Center, Auburn, California, or another location deemed appropriate by the Auditor-Controller. At the regular meeting in January of each year, the Chairperson and Vice Chairperson shall be elected; and any other business may be transacted which is within the purposes of the Oversight Board. Notice of regular meeting shall be posted prior to the date of the meeting in accordance with the Ralph M. Brown Act.

Section 2. Special Meetings

Special meetings may be held upon notice of the Chairperson for the purpose of transacting any business designated in the notice, after notification of all members of the Oversight Board by written notice or by email at least twenty-four (24) hours before the time specified in the notice for a special meeting. At such special meeting, no business other than that designated in the notice shall be considered. Notice of a special meeting with a brief description of the business to be discussed shall be posted prior to the date of the meeting in accordance with the Ralph M. Brown Act.

Section 3. All Meetings to be Open and Public

All meetings of the Oversight Board shall be open and public to the extent required by law. All persons shall be permitted to attend any such meetings, except as otherwise provided by law.

EXHIBIT A

Section 4. Posting Agendas/Notices

Except where additional notice is required for specific actions as stated in Health and Safety Code 34181(f), concerning proposed disposal of certain assets and properties or the transfer of certain housing assess, the secretary, or his/her authorized representative, shall post an agenda for each regular Oversight Board meeting or a notice for each special Oversight Board meeting containing a brief description of each item of business to be transacted by or discussed at the meeting together with the time and location of the meeting. Agendas/notices shall be posted in accordance with the Ralph M. Brown Act. All agendas and notices required by law for proposed actions by the Oversight Board shall also be posted on the Oversight Board's website.

Section 5. Right of Public to Appear and Speak

At every regular meeting, members of the public shall have an opportunity to address the Oversight Board on matters within the Oversight Board subject matter jurisdiction. Public input and comment on matters on the agenda, as well as public input and comment on matters not otherwise on the agenda, shall be made during the time set aside for public comments; provided, however, that the Oversight Board may direct that public input and comment on matters on the agenda be heard when the matter regularly comes upon the agenda. The time allotted for public discussion for each individual speaker shall be three (3) minutes, unless more or less time is allocated by the Oversight Board.

Section 6. Non-Agenda Items

Matters brought before the Oversight Board at a regular meeting, which were not placed on the agenda of the meeting, shall not be acted upon by the oversight Board at that meeting unless action on such matters is permissible pursuant to the Ralph M. Brown Act (Gov. Code 54950 et seq.).

Section 7. Quorum

The powers of the Oversight Board shall be vested in the members thereof in office from time to time. A majority of the total membership of the Oversight Board shall constitute a quorum for the purpose of conducting the business of the Oversight Board, exercising its powers and for all other purposes, but less than that number may adjourn the meeting from time to time until a quorum is obtained. An affirmative vote by a majority (4) of the total membership (7) of the Oversight Board shall be required for approval of any matters brought before the Oversight Board.

Section 8. Order of Business

Rules outlined in the current newly revised edition of Robert's Rules of Order shall govern the meetings except in instances of conflict between Robert's Rules of Order and provisions of law.

Section 9. Minutes

All minutes of the meetings of the Oversight Board shall be prepared in writing by the secretary. Copies of the minutes of each Oversight Board meeting shall be made available to each member of the Oversight Board, to the County Auditor-Controller's office and the Successor Agencies. Approved minutes shall be filed in the official book of minutes of the Oversight Board.

Article IV – Conflict of Interest

The Oversight Board shall adopt and maintain a conflict of interest policy by resolution.

EXHIBIT A

Article V – Representation Before Public Bodies

Any official representation on behalf of the Oversight Board before the Successor Agencies, the County Auditor-Controller's office, the State Controller, the DOF, or any other public body shall be made by the Auditor-Controller following direction from the Oversight Board by a majority vote.

Article VI – Amendments

These bylaws may be amended upon an affirmative vote by a majority of the total membership of the Oversight Board, but no such amendment shall be adopted unless at least seven (7) days written notice thereof has previously been given to all members of the Oversight Board. Notice of the amendment shall identify the section or sections of these Bylaws proposed to be amended.

These bylaws were approved by the Placer County Consolidated Oversight Board on _____.

M E M O R A N D U M
PLACER COUNTY CONSOLIDATED OVERSIGHT BOARD

TO: Honorable Consolidated Oversight Board

FROM: Andrew C. Sisk, Auditor-Controller
By: Matt Levesque, Management Analyst II

DATE: August 15, 2018

SUBJECT: Presentation on the Purpose of the Oversight Board, Ralph M. Brown Act, and Conflict of Interests

ACTION REQUESTED

Receive a presentation on the purpose of Oversight Board, the Ralph M. Brown Act, and Conflict of Interests.

BACKGROUND

The Placer County Consolidated Oversight Board (Oversight Board) has been established pursuant to Senate Bill 107 (SB 107), which requires the consolidation of Redevelopment Successor Agency Oversight Boards into one county-wide board effective July 1, 2018. Under SB 107, the Placer County Auditor-Controller's Office will be responsible for staffing the Oversight Board, which includes the Successor Agencies for the City of Auburn, Lincoln, Rocklin, Roseville, and Placer County. The purpose of the Oversight Board is to oversee and direct the Successor Agencies of the former redevelopment agencies in the process of dissolving the former redevelopment agencies in Placer County.

Staff recommends the Oversight Board receive a presentation from Susan E. Bloch of Burke, Williams & Sorensen, LLP on the role of the Oversight Board, the Ralph M. Brown Act, and conflicts of interests to ensure board members are adequately prepared to serve in their capacity.

ENVIRONMENTAL STATUS

This is an administrative action, does not constitute a project, and is exempt from environmental review per California Environmental Quality Act Guidelines Section 15378(b)(5).

FISCAL IMPACT

There is no fiscal impact associated with approval of the requested action.

ATTACHMENTS

None

M E M O R A N D U M
PLACER COUNTY CONSOLIDATED OVERSIGHT BOARD

TO: Honorable Consolidated Oversight Board

FROM: Andrew C. Sisk, Auditor-Controller
By: Matt Levesque, Management Analyst II

DATE: August 15, 2018

SUBJECT: Adopt a Conflict of Interest Code for the Placer County Consolidated Oversight Board

ACTION REQUESTED

Adopt a resolution adopting a Conflict of Interest Code for the Placer County Consolidated Oversight Board.

BACKGROUND

The Placer County Consolidated Oversight Board (Oversight Board) was created as a separate legal entity and is subject to compliance with the Political Reform Act (Act) pursuant to Health and Safety Code section 34179(e).

The Act and the regulations issued by the Fair Political Practices Commission (FPPC) require each local agency to adopt a Conflict of Interest Code to establish which agency officials, employees, and consultants are required to file statements of Economic Interest (FPPC Form 700).

The FPPC has adopted a regulation, 2 California Code of Regulations 18730, which contains the terms of a standard model conflict of interest code, which can be incorporated by reference, and which may be amended by the FPPC after public notice and hearings to conform to amendments to the Political Reform Act.

ENVIRONMENTAL STATUS

This is an administrative action, does not constitute a project, and is exempt from environmental review per California Environmental Quality Act Guidelines Section 15378(b)(5).

FISCAL IMPACT

There is no fiscal impact associated with approval of the requested action.

ATTACHMENTS

Resolution

Before the Placer County Consolidated Oversight Board County of Placer, State of California

In the matter of:

Adopt a resolution adopting a Conflic of Interest
Code for the Placer County Consolidated
Oversight Board.

Reso. No: 2018-003

The following Resolution was duly passed by the Placer County Consolidated Oversight Board at a special meeting held on August 15, 2018, with the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Consolidated Oversight Board

Clerk of said Board

WHEREAS, Senate Bill 107 (chaptered August 22, 2015) identifies the Consolidated Oversight Board (Oversight Board) as a separate legal entity; and

WHEREAS, the Political Reform Act of 1974, as amended (Act), California Government Code 8100 et seq. requires state and local government agencies subject to the Act, including the Oversight Board, adopt a local Conflict of Interest Code (Govt. Code 87300); and

WHEREAS, the Act provides in Government Code 87302 that each such local Conflict of Interest Code shall designate positions within each agency subject to the Code and further designate the types of reportable interests which must be disclosed by any such designated employee holding such designated positions; and

WHEREAS, the Fair Political Practices Commission (FPPC) in administering the Act has adopted California Code of Regulations 18730 which permits agencies subject to the Act to adopt by reference the Model Conflict of Interest Code developed by the FPPC.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. That pursuant to the provisions of Government Code 87300 et seq. and California Code of Regulations 18790, the Board of Directors hereby adopts the FPPC's Model Conflict of Interest Code as set forth currently or as may hereafter be amended, as the local Conflict of Interest Code of the Oversight Board.
2. That said Code shall apply and be applicable to those persons in the service of the Oversight Board as listed below. Each employee occupying each designated position shall be assigned to a disclosure category based on the descriptions also set forth below.
3. That each employee in the designated position as listed below shall report, as required by the Code, all reportable interests for their particular disclosure category.
4. Designated positions, titles and disclosure categories.

<u>Position/Title</u>	<u>Disclosure Category</u>
Oversight Board Members	All
Alternate Oversight Board Members	All
Oversight Board Counsel	All
Consultants	All

Disclosure Categories

CATEGORY 1 - INTERESTS IN REAL PROPERTY

Designated persons in this category shall disclose all interests in real property located in whole or in part within the County of Placer. Interest in real property does not include principal residence of the filer.

CATEGORY 2 - INVESTMENTS

Designated persons in this category shall disclose all investments in business entities located, doing business, planning to do business or having done business within the last two years within the boundaries of the County of Placer.

CATEGORY 3 - SOURCES OF PERSONAL INCOME

Designated persons in this category shall disclose all sources of income as defined in the Political Reform Act of 1974, as amended.

CATEGORY 4 - BUSINESS POSITIONS

Designated persons in this category shall disclose the holding of management or employment positions with any business entity located, doing business, planning to do business, or having done business in the last two years within the boundaries of the County of Placer.

M E M O R A N D U M
PLACER COUNTY CONSOLIDATED OVERSIGHT BOARD

TO: Honorable Consolidated Oversight Board

FROM: Successor Agency of the City of Lincoln
By: Anastasia Efstathiou, Finance Manager

DATE: August 15, 2018

SUBJECT: Approve the sale of property at a value that is less the outstanding debt owed to the Successor Agency.

ACTION REQUESTED

1. Authorize the Successor Agency to forward the proposed purchase and sale agreement by Lincoln Brand Feeds, Inc. (property owner) for the required approval of the Department of Finance.
2. Authorize the City of Lincoln's City Manager on behalf of the Successor Agency to execute the required documents to advance the proposed purchase and sale agreement presented by Lincoln Brand Feeds, Inc.

BACKGROUND

The former Redevelopment Agency of the City of Lincoln ("Agency") was responsible for carrying out the goals and objectives of the Redevelopment Plan for the Lincoln Redevelopment Project Area which included, among other things, the elimination of blighted conditions, strengthening the retail and other commercial functions in the downtown area, and rehabilitation and preservation of historical structures. As such and under Health & Safety Code Section 33037(b), the Agency advanced funds to the Owner to improve and restore the historic building located at the corner of Lincoln Boulevard and Fifth Street. Health & Safety Code Section 33444.5 allowed the Agency to loan funds to owners and tenants for the purpose of rehabilitating commercial buildings and structures in the project area.

As such, the Agency provided various loans under the Agency's Rehabilitation Program to assist in financing the improvements necessary to restore, rehabilitate and place tenants in the building formerly known as the Butterflied Jansen Building. This historic building has been in some form of use since the early 1860's, and is currently owned by Lincoln Brand Feeds., Inc., the principal shareholders of which are William Falconi and John Falconi ("Owner"). The Owner has substantially completed the rehabilitation and tenanting of the building. The building is an integral part of Lincoln's Historic Downtown. However, the cost to rehabilitate the building significantly exceeded estimates, resulting in high debt obligations, and leaving the Owner unable to satisfy these obligations.

The Owner currently owes the Successor Agency \$2,416,153, plus interest, from its most recent loan provided by the Agency dated October 2016. The loan is secured by a first trust deed on two vacant parcels adjacent to the Lincoln Brand Feed Building. (APNs: 008-144-19 and 020.) The parcels are currently utilized for parking to support the rehabilitated commercial space. The site also has a façade that is connected to the main project and subsequent improvements were planned for the final phase of the rehabilitation project. The project was unable to be completed as a result of the downturn in the economy, the dissolution of the Agency by the State Legislature in 2012, and the inability of the project to generate enough rental revenue to sustain

existing debt obligations. It should be noted that over the years and as provided by agreements, the Agency released previously secured collateral, primarily second deeds of trust, behind the primary lender as certain development benchmarks were satisfied.

After the dissolution of Redevelopment Agencies in 2012 and the designation of the Successor Agencies, City staff acting on behalf of the Successor Agency has remained in contact with the Owner to continually evaluate all opportunities to satisfy the Owner's financial obligations and maintain the value of the investments made to date by all parties on the restoration and rehabilitation of this building. During this time, City staff has also been communicating with the Owner's commercial lender, Tri-Counties Bank, because all parties have a vested interest in providing viable workout solutions that will be in the best financial interest for all parties.

Currently, the Owner is requesting approval to sell the property at a value that is less than the outstanding debt. In an attempt to work out their current debt issues, the Owner listed the property for sale nearly eight months ago and received two offers to purchase all the parcels securing the Agency debt and Tri Counties Bank debt for a total purchase price of \$4,250,000. This offer is substantially less than what is owed to both the commercial lender and the Successor Agency, with Tri Counties Bank's current principal balance in excess of \$5.5 million.

City staff and Tri Counties Bank believe approval of the short sale as presented is the best course of action for the recovery on the borrower's debt. A copy of the purchase and sale offers received for both the Successor Agency and the bank have been reviewed and are attached (Refer to Attachment A). Tri Counties Bank will approve its portion of the sale transaction provided that the following general terms summarized below and more fully described in the a letter to the City dated June 15, 2018 from Tri Counties Bank. (Refer to Attachment B):

- Buyer's proceed will be split into two purchase and sales contracts:
 1. Bank to be paid \$4,204,000 and will allow approximately \$204,000 to be used to cover the borrower's closing costs and past due taxes.
 2. Successor Agency to be paid \$46,000 for its parcels.
- No cash proceeds will be provided to Owner – Lincoln Brand Feeds, Inc.
- Conditions on the sale are contingent on the Bank and City agreeing to release respective liens on the property upon successful close of escrow.

City of Lincoln Successor Agency approved Resolution 2018-05S authorizing staff to proceed with securing the necessary approvals to complete the proposed purchase and sale agreement. With this direction from the Successor Agency, the transaction now requires approval by the Consolidated Oversight Board. If the transaction is approved by the Consolidated Oversight Board, it will then need to be approved by the Department of Finance. If approved by Department of Finance and the proposed sale is executed, the debtor/owner would be issued a form 1099 for the debt forgiveness and release of liens.

ENVIRONMENTAL STATUS

This is an administrative action, does not constitute a project, and is exempt from environmental review per California Environmental Quality Act Guidelines Section 15378(b)(5).

FISCAL IMPACT

Sale of the property as described will allow the property to come under new ownership, collect on past due property taxes, and prevent the need to take further action such as foreclosure that

will likely result in a further decline in property value and increased cost related the foreclosure proceedings. These findings support the direction provided by the Oversight Board pursuant to Health & Safety Code Section 34181(e) directing the Successor Agency to terminate any agreement or obligation where the termination would be in the best interest of the taxing entities.

If approved and the transaction as proposed is completed, the amount of this loan will be charged off the Successor Agency's balance sheet in in the current period with no future fiscal impact projected.

ATTACHMENTS

- A. Purchase and Sales Contracts Dated June 6, 2016
 - Tri Counties Bank and City of Lincoln Successor Agency
- B. Tri Counties Bank Summary of Terms Letter dated June 15, 2018

Before the Placer County Consolidated Oversight Board County of Placer, State of California

In the matter of:

Adopt a Resolution authorizing the Successor Agency to submit for approval the purchase and sale agreement presented by the Successor Agency borrower Lincoln Brand Feeds, Inc. interest in the Lincoln Brand Feed, Inc. property to the Department of Finance and the County Auditor-Controller.

Reso. No: 2018-004

The following Resolution was duly passed by the Placer County Consolidated Oversight Board at a special meeting held on August 15, 2018 the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Consolidated Oversight Board

Clerk of said Board

NOW, THEREFORE, BE IT RESOLVED that the Placer County Consolidated Oversight Board authorizes the City of Lincoln Successor Agency to forward the proposed purchase and sale agreement by Lincoln Brand Feeds, Inc. for the required approval of the State Department of Finance.

BE IT FUTHER RESOLVED that the Placer County Consolidated Oversight Board authorizes the City on Lincoln City Manager, on behalf of the City of Lincoln Successor Agency to execute the required documents to advance the proposed purchase and sale agreement presented by Lincoln Brand Feeds, Inc.

Exhibit A

**REAL PROPERTY PURCHASE AGREEMENT
& DEPOSIT RECEIPT**

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT.

PLEASE READ IT CAREFULLY

Seller: Lincoln Brand Feeds, Inc.
a California corporation

City/State: Lincoln, CA

Buyer: Cheryl Lynn Fisher and
Michael Thomas Fisher and or assignee

Date: June 9, 2018

Received from Buyer, the sum of Five Thousand Dollars (\$5,000.00) (the "Initial Deposit"). This sum, as evidenced by a personal check is to be held uncashed until the mutual execution of this Agreement and then deposited in escrow within three (3) calendar days from the Contract Date (defined as the date of execution by the last party to this Agreement) as a deposit for the purchase of the property situated in the City of Lincoln, County of Placer, State of California, more particularly described as follows (the "Property"):

All that real property, together with improvements thereon, commonly known as Lincoln Brand Feeds Building's Vacant Parcels, Lincoln Blvd, Lincoln, CA , +/-10,000 Gross Square Feet of improvements (APN: 008-144-019 and 020), ("Property") further identified on Exhibit A, Part 2, Parcels 7 and 8 attached hereto.

1. TERMS OF SALE

(a) Purchase Price. The purchase price shall be Forty Six Thousand Dollars (\$46,000.00) ("Purchase Price") and shall be paid as follows:

i. INITIAL DEPOSIT:	\$ 5,000.00
ii. INCREASED DEPOSIT:	0
iii. BALANCE OF CASH TO CLOSE:	\$ <u>41,000.00</u>
iv. NEW LOAN:	\$ <u>0</u>
v. TOTAL PURCHASE PRICE:	\$ <u>46,000.00</u>

2. TITLE POLICY

Title shall be evidenced by Escrow Holder's title underwriter ("Title Company") issuing its standard Owner's Policy of Title Insurance to Buyer in an amount equal to the Purchase Price, showing title to the Property vested in Buyer. If Buyer elects to have Escrow Holder issue its ALTA Extended Coverage Owner's Policy of Title Insurance, Buyer shall pay for the expense of such ALTA premium increment and any survey costs associated with such ALTA policy. In addition, Buyer shall pay for any endorsements to the Title Policy, except for any endorsements obtained by Seller to cure any title matter objected to by Buyer in accordance with the term of Paragraph 6 below.

3. CLOSING DATE – ESCROW

Opening of Escrow. An escrow shall be opened with Chris (Christine) Tsukamoto,

Buyer's Initials MF [Signature]

Seller's Initials _____

Sr. Escrow Officer-Branch Manager, Stewart Title of Sacramento, 3461 Fair Oaks Blvd, Suite 150, Sacramento, CA 95864 (the "Escrow Holder"). Escrow shall close on or before **One Hundred Twenty (120) days** from Contract Date (the "Closing Date"), extended by the mutual written consent of the parties hereto. Each party shall deliver to Escrow Holder, in sufficient time for escrow to close on the Closing Date, all documents and monies required hereunder. Close of escrow shall be defined as the date that The Grant Deed is recorded in the Official Records of Placer County. Buyer shall have a one-time right to extend the Closing Date an additional 60 days with no less than Thirty (30) days written notice to Seller.

Condition of Closing: Buyer's closing is subject to and conditioned upon concurrent closing of Buyer's purchase of adjacent property known as Lincoln Brand Feeds Buildings, 400-490 Lincoln Blvd, Lincoln, CA , +/-36,742 Gross Square Feet of improvements, APN: 008-144-013, 014, 015, 016, 017, 018, further identified on Exhibit A, Part 1, Parcels 1, 2, 3, 4, 5, 6 attached hereto.

(a) Prorations.

(1) Taxes/Assessments. All non-delinquent real estate taxes and assessments shall be prorated as of 12:01 a.m. on the Closing Date based on the actual current tax bill. All delinquent taxes and all delinquent assessments, interest and penalties, if any, on the Property shall be paid at the Closing Date from funds accruing to Seller. All supplemental taxes billed after the Closing Date for periods prior to the Closing Date shall be paid promptly by Seller to Buyer in immediately available funds.

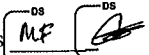
(2) Rents/Security Deposits. NONE

(3) Corrections. If any errors or omissions are made regarding adjustments and prorations as set forth herein, the parties shall make the appropriate corrections promptly upon discovery thereof. If any estimates are made at the Closing Date regarding adjustments or proration's, the party shall make the appropriate correction promptly when accurate information becomes available. Any corrected adjustment or proration shall be paid in cash or immediately available funds to the party entitled thereto.

4. CLOSING COSTS – TO BE PAID AS CUSTOMARY IN PLACER COUNTY

(a)	Escrow Fees:	Seller	Buyer	Split 50/50
(b)	Owner's Title Policy:	Seller		
(c)	County Transfer Tax:	Seller		
(d)	City Transfer Tax (if applicable):	Seller	Buyer	Split 50/50

Any additional escrow costs or fees shall be paid according to the custom and practice of the county in which the Property is located. In the event Seller or Buyer completes a tax-deferred exchange and additional closing costs and transfer taxes are incurred, the beneficiary of the exchange shall pay all additional costs arising out of the tax-deferred exchange.

Buyer's Initials 

Seller's Initials _____

5. POSSESSION

Possession of the Property shall be delivered to Buyer on the Closing Date.

6. CONDITIONS TO BUYER'S PERFORMANCE

All duties of Buyer to purchase the Property shall be expressly conditioned upon the satisfaction, at Buyer's sole discretion, of each of the conditions set forth below and elsewhere in this Agreement on or before the date set forth with regard to each condition. **IF BUYER NOTIFIES SELLER IN WRITING OF ANY DISAPPROVAL WITHIN THE SPECIFIED TIME PERIOD(S) BELOW, THIS AGREEMENT SHALL BE TERMINATED AND ALL DEPOSITS, WITH INTEREST IF ANY, SHALL BE RETURNED TO BUYER WITHOUT PENALTY. BUYER'S FAILURE TO TIMELY PROVIDE SUCH WRITTEN DISAPPROVAL SHALL BE DEEMED A WAIVER OF SUCH CONDITION.**

(a) Loan Contingency – New Financing. NONE

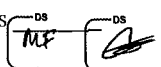
(b) Buyer's Inspections.

(1) Physical Inspections. For a period commencing on the Contract Date and terminating at 5:00 p.m. (California time) on the date that is **Thirty (30) calendar days after the Delivery of all Seller's Documents and Materials, and Tri Counties Bank approval of this transaction ("Inspection Period")**, Buyer, its agent, contractors, subcontractors or employees (collectively, "Buyer's Representative") shall have the right to conduct any and all nondestructive inspections, investigations, tests and studies (including, but not limited to, roof, plumbing, soils tests, electrical, sprinkler, water, sewer, engineering studies, heating and air conditioning system or systems, and structural integrity of the improvements, including structural pest control reports, toxic/hazardous substance inspections, and to measure the square footage of the Property, including land and any improvements) with respect to the Property as Buyer may elect. Seller, by execution of this Agreement, hereby grants Buyer and Buyer's Representatives the right to enter upon and inspect and make reasonable tests upon the Property at reasonable times and upon notice to Seller, and Buyer shall hold Seller harmless from any damage or injury to persons or property by reason of the entry upon the Property by Buyer, its agents and its experts. Buyer shall order and pay all costs with respect to such inspections.

(2) Inspection of Documents, Books and Records. Within **Five (5) calendar days from the Contract Date**, Seller shall deliver to Buyer the following documents or copies to the extent they are in the Seller's possession: all plans or plans for improvement of the Property, surveys, soils tests, engineering studies, any leases and/or tenant agreements and correspondence, current rent roll, maintenance contracts, and any amendments thereto, involving the Property, and books and income/expense records covering the Property for the year(s) 2015, 2016, 2017, and for the current year ("Documents and Materials"). Seller warrants and represents that the books and records are those kept and maintained by Seller in the ordinary and normal course of business and used by Seller in the computation of its federal income tax returns. Buyer shall have until the expiration of the Inspection Period to inspect and approve or disapprove the Documents and Materials.

(3) Title Approval. Within **Five (5) calendar days** following the Contract Date, Seller shall deliver to Buyer at Seller's expense a current preliminary report (the "Preliminary Report"), together with a copy of all documents relating to exceptions shown on the Preliminary

Buyer's Initials _____



Seller's Initials _____

Report ("Title Documents"). Buyer shall have **Thirty (30)** calendar days from receipt of the Title Documents within which to notify Seller, in writing, of Buyer's disapproval of any exception shown in the Preliminary Report or the legal description. If Buyer does not give written notice of such disapproval within such period, the Preliminary Report shall be deemed approved. If Buyer disapproves of any exception in writing as described above, Seller shall have **five (5)** calendar days from the date of Seller's receipt of written notice of the disapproval to give written notice to Buyer that Seller shall remove the disapproved exception(s) prior to the Closing Date. Seller's failure to deliver the notice shall mean Seller will not remove the exception. If Seller elects not to remove any disapproved exception, Buyer shall have **five**

(5) Calendar days either (i) to terminate this Agreement or (ii) to waive its disapproval of such exception and agree to purchase the Property subject to the disapproved exception. If Buyer fails to so notify Seller, in writing, within **five (5)** calendar days of its election pursuant to this Paragraph, Buyer shall be deemed to have elected to terminate this Agreement. In the event of a termination hereunder, the parties shall have no obligations hereunder and Buyer's Deposit and interest thereon shall be returned to Buyer. Any exception which Buyer has approved hereunder, either by Buyer's approval, Buyer's failure to disapprove such exception, or by Buyer's waiver of a disapproval, shall be deemed a "Permitted Exception."

(4) **Natural Hazard Disclosure.** No later than **Five (5)** calendar days after the Contract Date, Seller shall deliver to Buyer a Natural Hazards Disclosure Statement for the Property. Buyer shall have approved the Natural Hazards Disclosure Statement and returned a signed copy thereof to Seller by the expiration of the Inspection Period.

(5) **Seller's Obligations.** As of the Closing Date, Seller shall have performed all of the obligations required to be performed by Seller under this Agreement including, without limitation, delivery of all documents to be deposited by Seller with Escrow Holder.

(6) **Seller's Representations.** All representations and warranties made by Seller to Buyer in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the Closing Date.

(7) **Buyer shall receive written notice from City of Lincoln of Approval for this transaction sale of the Property to Buyer and signed Demand for Payoff Deed of Reconveyance submitted to the Escrow Holder no later than Twenty Five (25) days from Contract Date.**

(c) **Buyer's 1031 Exchange - Close of Escrow Contingency:** It is Buyer's intent to complete a tax deferred exchange pursuant to IRS Code 1031 and Buyer's purchase is conditioned upon the close of escrow of Buyer's properties located at 830-840 Civic Center Drive, and 1530 Aviso Street, Santa Clara, CA 95050 ("Buyer's Exchange Properties"). Buyer's 1031 Exchange - Close of Escrow Contingency period shall run through the Closing. In exchange for Seller's agreement to Buyer's 1031 Exchange - Close of Escrow Contingency, Buyer agrees it shall not purchase any other property other than subject Property and the adjacent property identified with Assessor Parcel Numbers 008-144-013, 14, 15, 16, 17 & 18 with the proceeds from Buyer's Exchange Properties. The only exception to Buyer's agreement shall be in the case of default by Seller, City of Lincoln which impedes transfer of title to Buyer.

Buyer's Initials  

Seller's Initials _____

7. CONDITIONS TO SELLER'S PERFORMANCE

All duties of Seller to sell the property shall be expressly conditioned upon the satisfaction of each of the conditions set forth below on or before the date set forth with regard to each condition. **SELLER SHALL NOTIFY BUYER, IN WRITING, OF SELLER'S REMOVAL OR WAIVER OF EACH CONDITION SET FORTH BELOW WITHIN THE SPECIFIED TIME PERIOD OR THIS CONTRACT SHALL BE TERMINATED AND ALL DEPOSITS, WITH INTEREST IF ANY, SHALL BE RETURNED TO BUYER WITHOUT PENALTY.**

(a) Buyer's Obligations. Buyer shall have timely performed all of the obligations required to be performed by Buyer under this Agreement.

(b) Buyer's Representations. All representations and warranties made by Buyer to Seller in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the close of escrow.

8. LIQUIDATED DAMAGES

IF BUYER FAILS TO PURCHASE THE PROPERTY BECAUSE OF ITS DEFAULT IN THE PERFORMANCE OF ANY PROVISIONS OF THIS AGREEMENT, BY PLACING THEIR INITIALS AT THE END OF THIS SENTENCE, BUYER AND SELLER AGREE THAT THE DEPOSIT DESCRIBED IN THIS AGREEMENT SHALL BE DELIVERED TO SELLER AS LIQUIDATED DAMAGES.

^{DS}
MF

BUYER

^{DS}
[Signature]

SELLER

RETENTION OF THE DEPOSIT BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671,

1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS WHICH PRECEDED ACCEPTANCE BY SELLER OF BUYER'S OFFER TO ACQUIRE THE PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE WHICH BUYER'S DEFAULT WOULD CAUSE TO SELLER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ESTABLISH. IN ADDITION, BUYER DESIRES TO HAVE A LIMITATION ON ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT BUYER DEFAULTS IN ITS

OBLIGATION TO TIMELY PERFORM ANY OF THE TERMS, COVENANTS AND CONDITIONS OF THIS AGREEMENT. THEREFORE, IN ORDER TO INDUCE SELLER TO WAIVE ALL OTHER MONETARY REMEDIES IT MAY HAVE IN THE EVENT OF BREACH BY BUYER OF ITS OBLIGATIONS HEREUNDER TO PURCHASE THE PROPERTY, BUYER AND SELLER, BY INITIALING IN THE SPACE PROVIDED ABOVE, HAVE AGREED TO LIQUIDATED DAMAGES AS SET FORTH HEREIN, WITH THE AMOUNT OF THE PAYMENT TO SELLER AND THE TIMING OF SUCH PAYMENT HAVING BEEN THE SUBJECT OF CONSIDERABLE NEGOTIATIONS

Buyer's Initials

^{DS}
MF

Seller's Initials _____

BETWEEN THE PARTIES.

9. BINDING AGREEMENT

This Agreement, to the extent assignable, is binding upon the heirs, executors, administrators, successors and assigns of the Buyer and Seller, and shall survive recordation of the Grant Deed and close of escrow.

10. CONFLICTING DOCUMENTS

Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor the occurrence of the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the materials breach of any terms, conditions or provisions of, or constitute a default under, (I) any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party, or (ii) any laws, rules, regulations, codes or ordinances applicable to Buyer.

11. LEGAL ACTION



If either party commences an action against the other to interpret or enforce any of the terms of this Agreement or because of the breach by the other party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses and court costs and other costs of action incurred in connection with the prosecution or defense of such action, whether or not the action is prosecuted to a final judgment. For the purpose of this Agreement, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photo stating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

The term "attorney" shall have the same meaning as the term "counsel."

12. ARBITRATION OF DISPUTES

ANY DISPUTE OR CLAIM IN LAW OR EQUITY ARISING OUT OF THIS AGREEMENT, OR ANY TRANSACTION RESULTING FROM THIS AGREEMENT, SHALL BE DECIDED BY NEUTRAL BINDING ARBITRATION IN ACCORDANCE WITH THE CALIFORNIA CODE OF CIVIL PROCEDURE, PART III, and TITLE 9.

JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF. THE PARTIES SHALL HAVE THE RIGHT TO DISCOVERY PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE, SECTION 1283.5. IF THE PARTIES CANNOT AGREE ON THE SELECTION OF AN ARBITRATOR, THE PRESIDING JUDGE OF THE SUPERIOR COURT HAVING JURISDICTION TO ENFORCE THE AWARD SHALL SELECT THE ARBITRATOR. THE ARBITRATOR'S FEE SHALL BE PAID BY THE LOSING PARTY.

Buyer's Initials  

Seller's Initials _____

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

^{DS}
MF
BUYER

SELLER

13. BROKER

Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Broker(s) named in Paragraph 15, and no broker or other person, firm or entity, other than said Broker(s) is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Broker(s) by reason of any dealings or act of the indemnifying Party.

14. BROKER'S FEE

Payment on the Closing Date of such Broker's Fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Broker(s). It is agreed by Buyer, Seller and Escrow Holder that Broker(s) is/are a third party beneficiary of this Agreement insofar as the Broker's fee is concerned, and that no change shall be made by Buyer, Seller or Escrow Holder with respect to the time of payment, amount of payment, or the conditions to payment of the Broker's Fee specified in this Agreement, without the written consent of Broker(s).

15. BROKER'S RELATIONSHIP TO THE PARTIES

(a) Broker as Agent of Seller: By placing their initials here, Seller () () and Buyer (MF) () () acknowledge and agree that Tiner Commercial Real Estate is and has been acting in this transaction as the Agent of Seller, and not of Buyer.

16. BROKER REPRESENTATIONS

Buyer and Seller understand that Broker has not made any investigation or determination
Buyer's Initials MF Seller's Initials _____

regarding the value of the Property; the present or future use of the Property; any possible violations of any federal, state, county, or municipal ordinances, statutes, zoning; proposed acquisition of the Property by the federal, state, county or municipal governments; the accuracy of income and expense information; existence or content of any leases; the existence of physical defects in the Property, the size of the Property or the size of any improvements, and Buyer and Seller hereby release Broker from any liability relating thereto and agree that such investigation and determination has been Buyer's sole responsibility and Broker shall not be held responsible therefor.

Buyer is advised that any representation of square footage with respect to the Property and any improvements thereon are approximations only, which may be inaccurate. Buyer acknowledges that the Purchase Price is not based on the square footage of any improvements or lot size.

17. CONSULT YOUR ATTORNEY AND TAX CONSULTANT

NO REPRESENTATION OR RECOMMENDATION IS MADE BY TINER COMMERCIAL REAL ESTATE SERVICES OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATED. BUYER AND SELLER ARE URGED TO:

(a) SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.

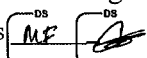
(b) RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OR THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

18. MAINTENANCE OF THE PROPERTY

Seller shall be responsible for normal and customary maintenance of the Property in its present condition, subject to normal wear and tear, and shall pay any and all expenses of any kind incurred in the normal and customary maintenance and operation of the Property until close of escrow; provided that, except as provided in Paragraph 19, Seller shall have no obligation to replace any item or to incur any capital expenditures in such maintenance.

19. DAMAGE OR DESTRUCTION

Notwithstanding the foregoing, if a material portion of the Property is damaged or destroyed prior to the close of escrow, Buyer may elect to continue this Agreement in full force and effect without modification and to purchase the Property in its damaged condition, in which event Seller shall assign to Buyer at close of escrow all insurance proceeds due as a result of such damage and destruction, whether or not such insurance proceeds are adequate to repair such damage and destruction. A destruction shall be considered material if the cost of repair or replacement without deduction for depreciation exceeds ten percent (10%) of the purchase price, provided that if applicable building codes or other laws or regulations require work exceeding the repair or replacement of the actual damage, the cost shall be considered to include all the work. Unless Buyer notifies Seller in writing within **Thirty (30) calendar days** from the date Buyer is notified in writing

Buyer's Initials 

Seller's Initials _____

of the cost of repair and amount of insurance proceeds to continue this Agreement, this Agreement shall terminate and Buyer shall receive back its deposit, together with any interest earned on the deposit.

20. TAX-DEFERRED EXCHANGE

Buyer and Seller agree to cooperate with each other for the purpose of effecting a tax-deferred exchange(s) pursuant to Internal Revenue Code Section 1031, providing:

- (a) Close of escrow hereunder is not delayed;
- (b) The cooperating party shall incur no additional expense by reason of such cooperation; and
- (c) The exchanging party shall hold the cooperating party harmless from any and all liability by reason of the cooperating party's acquiring title for the purposes of such exchange.

A TAX-DEFERRED EXCHANGE IS A TECHNICAL MATTER WHICH SHOULD BE STRUCTURED BY A TAX ATTORNEY OR LICENSED CPA TO ASSURE COMPLIANCE WITH ALL LEGAL REQUIREMENTS. HAVE YOUR TAX ADVISOR REVIEW AND STRUCTURE THIS ASPECT OF THIS TRANSACTION.


21. PROPERTY TO BE SOLD "AS-IS"

(a) Except as otherwise expressly set forth herein, Buyer acknowledges that Buyer is purchasing the Property solely in reliance on Buyer's own investigation and that no representations or warranties of any kind whatsoever, express or implied, have been made by Seller, Seller's agents, or Broker. Buyer further acknowledges that as of the close of escrow, Buyer will be aware of all zoning regulations, other governmental requirements, site and physical conditions, and other matters affecting the use and conditions of the Property, and Buyer agrees to purchase the Property in the condition in which it is at close of escrow.

(b) Except for the specific representations or warranties of Seller contained herein, Buyer is purchasing the Property hereunder strictly on an "as is" basis, and regardless of the Property's topography, climate, air, water rights, utilities, water, possible toxic waste or hazardous materials,

present and future zoning, soil, subsoil, purpose to which the Property is suited, drainage, access to public roads, proposed routes or enlargement of roads or extensions thereof. Buyer further acknowledges and agrees that the Property is or may be subject to zoning, P.U.D., or other municipal ordinance restrictions (which Buyer acknowledges Buyer is familiar with). Subject to the conditions to Buyer's performance set forth in Paragraph 6 and other hereunder, the Property is to be purchased, conveyed, and accepted by Buyer in its present condition, "as is", and no patent or latent physical condition of the Property, whether or not known or unknown or discovered at a later date, shall affect this transaction and the Purchase Price paid for the Property hereunder. Buyer is obligated to close escrow notwithstanding the condition of the Property if all conditions precedent are satisfied or waived. All work in connection with preparing the Property for the use intended by Buyer, all costs incidental thereto, and all other costs, fees, studies, reports, approvals, plans, surveys, permits and expenses whatsoever necessary or desirable in connection with Buyer's acquiring, developing, using and/or operating the Property shall be obtained and paid for by and shall be the sole responsibility of Buyer. Buyer will, prior to the close of escrow, have investigated and will have knowledge of operative or proposed governmental laws and regulations, including, but not limited to, zoning, environmental (including specifically the regulations of the Environmental Protection

Buyer's Initials ^{DS}

MF 

Seller's Initials _____

Agency) and land use laws and regulations to which the Property may be subject, and shall acquire the Property subject to the foregoing and to such other laws and regulations that pertain to the Property and in reliance of Seller's representation and warranties.

(c) Except as otherwise provided hereunder, Buyer has neither received nor relied upon any representations concerning any laws and regulations made by Seller, Seller's employees, agents, brokers or any other person acting on or in behalf of Seller. Except as to Seller's covenants, representations and warranties set forth hereunder, Buyer hereby waives, releases, acquits, and forever discharges Seller and Broker of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, that it now has or which may arise in the future on account of or in any way growing out of or connected with the condition of the Property, any toxic wastes or hazardous materials located thereon, any settlement or subsidence of construction thereon, if any, or with any operative or proposed governmental laws and regulations, including, but not limited to, zoning, environmental, and land use laws and regulations to which the Property may be subject or with Buyer's contemplated use and development of the Property.

22. ASSIGNMENT OF LEASES AND WARRANTIES

Seller shall assign to Buyer all leases (in the form attached hereto as Exhibit F), warranties and all Seller's rights against the contractors, subcontractors, suppliers and materialmen involved in the construction or operation of the Property (in the form attached hereto as Exhibit C).

23. TOXIC CONTAMINATION DISCLOSURE

Buyer acknowledges that it understands that there are substantial potential liabilities under environmental laws associated with the ownership, possession or control of real property where a hazardous waste, hazardous substance or any hazardous or radioactive material, as those terms are defined in any local, state, or federal law (collectively "Toxic"), has come to be located, and that Buyer has been advised to conduct an appropriate environmental assessment of the Property and the properties in the vicinity of the Property prior to close of escrow, and that if Buyer fails to undertake such an environmental assessment, or purchase the Property with reason to know that Hazardous Substances may be located on, in or under the Property, Buyer may have no defense to liability under certain environmental laws. Buyer further acknowledges that even if Buyer performs and appropriate environmental assessment and purchases the Property without knowledge of the presence of hazardous environmental conditions on the Property, buyer may have no defense to liability for conditions existing on the Property.

24. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller hereby represents to the best of Seller's actual knowledge to Buyer:

(a) Documents Delivered. That all documents delivered to Buyer by Seller pursuant to the terms of this Agreement are complete and as of their respective dates true and correct.

(b) Seller's Authority. Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(c) Compliance with Plans and Specifications. That the improvements located on the

Buyer's Initials MF [Signature]

Seller's Initials _____

Property have been constructed and completed in accordance with the plans and specifications submitted to governmental authorities in accordance with any zoning application or application for building permit relating to such improvements and in accordance with all covenants, conditions, restrictions and agreements of any kind or nature affecting the Property or the development thereof and in compliance with building codes and ordinances.

(d) Compliance with Laws. To Seller's actual knowledge, except as may be disclosed in the documents and materials and any other reports or information provided to Buyer, Seller has received no written notification from any governmental agency that the Property violates any current laws, regulations, building codes or ordinances applicable thereto.

(e) Compliance with Agreements. That neither this Agreement nor anything provided to be done hereunder, including, but not limited to, the conveyance of the Property, violates or shall violate any contract, agreement or instrument to which Seller is a party or which affects the Property.

(f) State of Facts. That Seller is not in default of any of its obligations or liabilities pertaining to the Property, nor is there any state of facts or circumstances or condition or event which, after notice or lapse of time or both, would constitute or result in any such default.

(g) Leases. That the Leases listed on the rent roll, when delivered to Buyer, are in full force and effect, there are no defaults by landlord or tenant thereunder, and the Leases are subject to no claims or offsets for the benefit of tenants. No rent has been prepaid for the benefit of tenants, nor security deposits paid other than as disclosed to Buyer in the rent roll. There are no agreements, written or oral, with any tenant except those listed on the rent roll and delivered to Buyer and the Leases have not previously been assigned, conveyed, pledged, hypothecated or otherwise alienated by Seller. The rental rates set forth on the rent schedule accurately state the rentals that are being charged by Seller and paid by tenants for new Leases at the Property. There are no pending or threatened claims by any tenants and there are no agreements or covenants not performed with respect to any Lease.

(h) Leasing Commission. That there are no outstanding leasing commission's payable for any of the Leases and there are no obligations to pay any leasing commission for any renewal of the tenancy of any of the tenants or for any new lease negotiated prior to close of escrow.

(i) Foreign Person. Seller is not a "foreign person" as defined in §1445 of the Internal Revenue Code of 1986, as amended (the "Code"), or under any similar sections of any similar laws of the State of California; i.e., Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and Income Tax Regulations or similar California laws or regulations. Seller shall sign under penalty of perjury and deliver to Buyer at Close of Escrow a certification thereof indicating thereon Seller's U.S. taxpayer identification number and address.

(j) Litigation. That Seller is not involved in or aware of any pending or threatened litigation which does or will affect the Property. There are no actions or proceedings pending or threatened against Seller before any court or administrative agency in any way connected with or relating to the Property, or affecting Seller's ability to fulfill all of its obligations under this Agreement.

Buyer's Initials

MF

Seller's Initials _____

(k) No Prior Transfers. Seller has not previously sold, transferred or conveyed the Property, and has not entered into executory contracts for the sale of all or any part of the Property (other than this Agreement), nor do there exist any rights of first refusal or option to purchase the Property, other than this Agreement.

(l) Survival. That Seller's representations, warranties and covenants contained in this Paragraph shall survive close of escrow and the recordation of the Grant Deed.

25. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby represents to the best of Buyer's actual knowledge to Seller:

(a) Buyer's Authority. Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(b) Signatory. The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer and the partners of Buyer, if any, have the legal power, right, and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(c) OFAC Compliance. Buyer warrants that it is in compliance with all laws, statutes, rules and regulations or any federal, state or local governmental authority in the United States of America applicable to it and all beneficial owners of it, including, without limitation, the requirements of Executive Order No. 133224, 66 Fed Reg. 49079 (September 25, 2001) (the "Order") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control of the Department of the Treasury ("OFAC") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"). Neither Buyer nor any beneficial owner of Buyer (with "beneficial owner" excluding the stockholders of any publicly traded corporation):

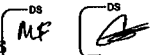
(1) Is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "Lists");

(2) Has been determined by competent authority to be subject to the prohibitions contained in the Orders;

(3) Is owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or

(4) Shall transfer or permit the transfer of any interest in Buyer or any beneficial owner in it to any person who is or whose beneficial owners are listed on the Lists.

Each of the representations and warranties contained in this subsection (c) shall be deemed remade by Buyer as of the close of escrow and shall survive the close of escrow.

Buyer's Initials 

Seller's Initials _____

26. NOTICES

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Paragraph, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent before 5:00 p.m. on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (d) one (1) business day after the notice has been deposited with either FedEx or United Parcel Service to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

SELLER:

Bill and Lorre Falconi, 212 Prospect Street, Nevada
John Falconi, 702 Martis Peak, Incline Village, NV

BUYER:

Michael and Cheryl Fisher
820 Civic Center Drive, Santa Clara, CA 95050

ESCROW HOLDER:

Chris (Christine) Tsukamoto, Sr. Escrow Officer-
Branch Manager, Stewart Title
3461 Fair Oaks Blvd, Suite 150, Sacramento, CA 95864
Tiner Commercial Real Estate

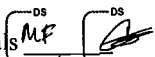
COPY TO BROKERS:

c/o Tony Wood
6833 Fair Oaks Blvd Carmichael, CA
95608

Each party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this Paragraph, and that any person to be given notice actually receives such notice. Any notice to a party which is required to be given to multiple addresses shall only be deemed to have been delivered when all of the notices to that party have been delivered pursuant to this Paragraph. If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A party may change or supplement the addresses given above, or designate additional addressees, for purposes of this Paragraph by delivering to the other party written notice in the manner set forth above.

27. GENERAL

(a) Entire Agreement. This Agreement constitutes the final and entire Agreement between the Parties and they shall not be bound by any terms, covenants, conditions, representations or warranties not expressly contained herein. This Agreement may not be amended except by written

Buyer's Initials 

Seller's Initials _____

instrument executed by both Parties.

(b) Partial Invalidity. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(c) Time of the Essence. Time is of the essence of this Agreement and the performance of the terms and conditions hereof.

(d) Successors and Assigns; No Assignment; No Third Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective legal representatives, successors, permitted assigns and indemnities described herein. Nothing in this Agreement, express or implied, is intended to or shall (a) confer on any person or entity other than the Parties and their respective successors or assigns any rights (including third-party beneficiary rights), remedies, obligations or liabilities under or by reason of this Agreement or

(b) Constitute the Parties as partners or as participants in a joint venture. Buyer may assign this Agreement without the prior written consent of Seller.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Except for instruments which are to be recorded, facsimile or emailed pdf (or similar) copies of this Agreement signed by the Parties shall be binding and enforceable as if the same were executed originals.

(f) Counting of Days. Unless otherwise indicated, "day" as used herein means a calendar day. A "business day" as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date (whether calculated based on business days or calendar days) for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day. The time in which any act is to be done hereunder is computed by excluding the first day and including the last.

(g) Interpretation. Article and section headings are not a part hereof and shall not be used to interpret the meaning of this Agreement. This Agreement shall be interpreted in accordance with the fair meaning of its words and both Parties certify they either have been or have had the opportunity to be represented by their own counsel and that they are familiar with the provisions of this Agreement, which provisions have been fully negotiated. No provision of this Agreement or any related document shall be construed against or interpreted to the disadvantage of any Party hereto by any mediator, arbitrator, court or other governmental or judicial authority by reason of such Party having or being deemed to have structured or drafted such provision. Any capitalized term used in any Exhibit but not otherwise defined therein, shall have the meaning assigned to such term in this Agreement.

(h) Exhibits. Each writing or plat or plan referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit is incorporated herein by reference and made a part hereof. The following exhibits are attached hereto:

Exhibit a	Property Description
Exhibit B	Bill of Sale

Buyer's Initials

OS
MP

Seller's Initials _____

Exhibit C	Assignment of Contracts and Warranties
Exhibit D	Closing Documents
Exhibit E	Grant Deed
Exhibit F	Assignment of Leases

(i) Limitation on Liability. Buyer and Seller expressly agree that the obligations and liabilities of each Party under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, shareholders, employees, agents, trustees, partners, members, representatives or other principals and representatives of said Party.

(j) No Partnerships. Nothing in this Agreement shall be deemed in any way to create between the Parties any relationship of partnership, joint venture or association, and the Parties disclaim the existence thereof.

(k) Waivers. Except as otherwise provided, no Party shall be deemed to have waived the exercise of any right that it holds hereunder unless such waiver is made expressly and in writing (and no delay or omission by any Party hereto in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right.

(l) Jurisdiction, Venue and Governing Law. In the event of any action or proceeding arising out of this Agreement or the transactions contemplated hereby, the Parties agree that exclusive jurisdiction and venue will lie in, or the Superior Court of the State of California for the County of Sacramento, and each of the Parties consent and agree to jurisdiction and venue in such courts. This Agreement will be construed as to both validity and performance and enforced in accordance with and governed by the internal laws of the State of California without giving effect to the choice of law provisions thereunder.

28. TIME AND DATE FOR ACCEPTANCE

Buyer's signature hereon constitutes an offer to Seller to purchase the Property. Unless acceptance hereof is signed by Seller and the signed copy received by Buyer or Buyer's agent, either in person or by facsimile transmission or by mail to the address shown below by 5:00 p.m., June 15, 2018, this offer shall be deemed revoked and the deposit shall be returned to Buyer.

29. ENTIRE AGREEMENT


Except for any addenda attached hereto, this Agreement constitutes the entire agreement between Buyer and Seller with respect to the purchase of the Property by Buyer and supersedes all other agreements, letters, and memoranda of understanding respecting the same, whether written or oral. This Agreement may not be modified by either party by oral representation made before, contemporaneous with or after the execution of this Agreement. All modifications, amendments or additions to this Agreement must be in writing signed by Seller and by Buyer.

Buyer's Initials 

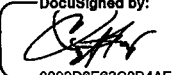
Seller's Initials _____

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions above stated and acknowledges receipt of a copy hereof.



BUYER: Cheryl Lynn Fisher and
Michael Thomas Fisher and or assignee

By: 
210443EA5E9D41A...

Date: 6/11/2018 3:31:28 PM PDT

By: 
9099D6E63C0B4AE...

Date: 6/11/2018 3:31:19 PM PDT

Buyer's Initials  

Seller's Initials _____

ACCEPTANCE

Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

Seller acknowledges that Broker, Tiner Commercial Real Estate Services, has been retained to locate a Buyer and Tiner Commercial Real Estate Services is the procuring cause of the purchase and sale of the Property set forth in this Agreement. In consideration of real estate brokerage service rendered by Broker, Seller agrees to pay Broker a real estate brokerage fee pursuant to the written agreement between Seller and Seller's Broker. (the "Broker's Fee"). As is provided in Paragraph 14, this Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such brokerage fee to Broker out of the proceeds accruing to the account of Seller on the Closing Date.

Seller acknowledges receipt of a copy hereof and authorizes the Broker(s) to deliver a signed copy to Buyer.

Notwithstanding the foregoing, this Paragraph does not modify or supersede in any way the terms of any written Listing Agreement between Seller and Broker.

SELLER: Lincoln Brand Feeds, Inc. a California corporation

By: _____

Date: _

By:

Date:

Broker agrees to the commission provisions above:

TINER COMMERCIAL REAL ESTATE

By: _____

Date:



Tony Wood, Agent,
Cal BRE # 000549071

By: _____

Date:

Ben Tiner, Managing Broker,
Cal BRE#01705584

Buyer's Initials

Seller's Initials _____

Exhibit B

Bill of Sale

This Bill of Sale (this "**Bill of Sale**") is made this _____ day of _____, 20____, by _____, a (n) _____ ("**Seller**"), and _____, a (n) _____ ("**Buyer**").

WITNESSETH:

Seller and Buyer entered into that certain Real Property Purchase Agreement and Deposit Receipt dated _____, 20____ ("**Purchase Agreement**"), whereby Seller agreed to sell to Buyer, and Buyer agreed to purchase from Seller, the real property commonly known as _____ ("**Property**"), all as more fully described in the Purchase Agreement. Capitalized terms defined in the Purchase Agreement shall have the same meaning in this Assignment.

Under the Purchase Agreement, Seller is obligated to transfer the personal property described on the attached Schedule 1 (the "**Personal Property**") to Buyer.

NOW, THEREFORE, for good and valuable consideration n, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, transfer, sell, set over, assign, convey, release, confirm and deliver to Buyer all of the Personal Property located at the Property, to the extent owned by Seller. Seller makes no representation or warranty regarding title or the condition, fitness or usefulness of the Personal Property and Buyer acknowledges and agrees that Buyer is acquiring the aforesaid Personal Property in its AS-IS, WHERE-IS CONDITION, WITHOUT WARRANTY, EITHER EXPRESS OR IMPLIED.

This Bill of Sale shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and representatives of Buyer and Seller.

This Bill of Sale shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of California.

The undersigned persons represent that they are authorized and have the legal capacity to enter into this Bill of Sale.

IN WITNESS WHEREOF, the parties have executed this Bill of Sale as of the date first above written.

[Signature on Following Page.]

Buyer's Initials 

Seller's Initials _____

SELLER:

_____, a

By: _____

Its: _____

Buyer's Initials  

Seller's Initials _____

Exhibit B**Assignment of Contracts and Warranties**

This Assignment of Contracts and Warranties (this "**Assignment**") is made this ____ day Of ____, 20__ ("**Effective Date**"), by and between ____, a(n) ____ ("**Assignor**"), and ____, a(n) ____ ("**Assignee**").

Recitals

A. Assignor and Assignee entered into that certain Real Property Purchase Agreement and Deposit Receipt dated ____, 20__ (the "**Purchase Agreement**") Whereby Assignor agreed to sell to Assignee, and Assignee agreed to purchase from Assignor, the real property commonly known as ____ ("**Property**"), all as more fully described in the Purchase Agreement. Capitalized terms defined in the Purchase Agreement shall have the same meaning in this Assignment.

B. The Purchase Agreement obligates Assignor to assign to Assignee all of those contracts and warranties relating to the Property listed on Schedule 1 attached hereto (collectively, "**Contracts**").

C. By grant deed dated as of the date hereof, to be recorded in the Official Records of ____ County, California, with the delivery hereof, Assignor conveyed the Property, to the Assignee, with all improvements thereon, to the Assignee.

NOW, THEREFORE, in consideration of the Purchase Agreement and of the good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

Agreement

1. Assignment of Contracts. Assignor hereby sells, assigns, transfers and conveys unto Assignee, and its successors and assigns, all of Assignor's right, title and interest in and to the Contracts and all causes of action against third parties with respect to the Contracts. By execution hereof, Assignee agrees to assume and be bound by Assignor's obligations first arising on or after the date hereof under the Contracts.

2. Indemnification by Assignee. Assignee agrees to indemnify, defend (with counsel satisfactory to Assignor) and hold Assignor, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all litigation, loss cost, damage, claim, demand, expense or liability whatsoever (including without limitation), reasonable attorneys' fees, charges and costs) (collectively, "**Damages**") arising out of the Contracts, to the extent such Damages occur or arise from facts or circumstances from and after the Effective Date of this Assignment. Assignor agrees to indemnify, defend (with counsel satisfactory to Assignee) and hold Assignee, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all Damages arising out of the Contracts, to the extent such Damages occur or arise from facts or circumstances in existence as of the Effective Date of this Assignment.

Buyer's Initials 

Seller's Initials _____

3. Governing Law. This Assignment and all other instruments referred to herein shall be governed by, and shall be construed in accordance with, the laws of the State of California.

4. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and representatives.

5. Authority. The undersigned persons represent that they are authorized and have the legal capacity to enter into this Assignment.

6. Attorneys' Fees. In the event that any action is brought by either party to enforce the terms of this Assignment, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

7. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one (1) and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

ASSIGNEE:

_____, a

_____, a

By: _____

By: _____

Its: _____

Its: _____

Buyer's Initials

DS
MF
DS

Seller's Initials _____

SCHEDULE 1 to Assignment of Contracts and Warranties

List of Contracts

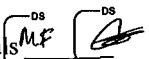
Buyer's Initials  

Seller's Initials _____

Exhibit C

Closing Documents

- A. Deposits by Seller
 - 1. Grant Deed
 - 2. FIRPTA Certificate
 - 3. California Franchise Tax Withholding
 - 4. Bill of Sale (if applicable)
 - 5. Assignment of Contracts and Warranties (if applicable)
 - 6. Assignment of Leases (if applicable)
 - 7. Tenant Notification Letter (if applicable)
 - 8. Other documents reasonably required by Escrow Holder
- B. Deposits by Buyer
 - 1. Purchase Price
 - 2. Assignment of Contracts and Warranties (if applicable)
 - 3. Assignment of Leases (if applicable)
 - 4. Other documents reasonably required by Escrow Holder

Buyer's Initials 

Seller's Initials _____

Exhibit C
Grant Deed

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

APN: _____

The undersigned Grantor(s) declare under the penalty of perjury that the following is true and correct:
Documentary Transfer Tax is \$ _____.

- ☐ Computed on full value of property conveyed, or
☐ Computed on full value less value of liens and encumbrances remaining at time of sale. ☐
Unincorporated area ☐ City of _____

GRANTOR(S): _____

Hereby GRANT(S) to:

GRANTEE(S): _____

All of his/her/their right, title and interest in and to the following described real property located in
the County of _____, State of California:


SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Commonly known as: _____

Dated: _____

Signature

Buyer's Initials

DS
MF 

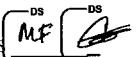
Seller's Initials _____

EXHIBIT A to Grant Deed

Legal Description

Insert legal here.

APN: _____

Buyer's Initials 

Seller's Initials _____

Exhibit C

Assignment of Leases

This Assignment of Leases (this "**Assignment**") made this _____ day of _____ 20____ ("**Effective Date**"), is entered into by and between _____, A (n) _____ ("**Assignor**"), and _____, a (n) _____ ("**Assignee**").

Recitals

A. Assignor and Assignee entered into that certain Real Property Purchase Agreement and Deposit Receipt dated _____, 20____ ("**Purchase Agreement**"), Whereby Assignor agreed to sell to Assignee, and Assignee agreed to purchase from Assignor, the real property commonly known as _____ ("**Property**"), all as more fully described in the Purchase Agreement. Capitalized terms defined in the Purchase Agreement shall have the same meaning in this Assignment.

B. The Purchase Agreement obligates Assignor to assign to Assignee the Leases (as defined below) and security deposits in the actual possession of Assignor (if any) related to the Property.

C. By grant deed dated as of the date hereof, to be recorded in the Official Records of County, California, with the delivery hereof, Assignor conveyed the Property, with all improvements thereon, to the Assignee.

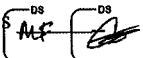
NOW, THEREFORE, in consideration of the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

Agreement

1. Assignment of Leases. Assignor hereby sells, assigns, transfers and conveys unto Assignee, and its successors and assigns, all of Assignor's right, title and interest in and to the Leases listed on the schedule attached hereto and incorporated herein as Schedule 1 ("**Leases**"). By execution hereof, Assignee agrees to assume and be bound by Assignor's obligations accruing on or after the date hereof under the Leases.

2. Assignment of Deposits. Assignor hereby sells, assigns, transfers and conveys unto Assignee, and its successors and assigns, all of Assignor's right, title and interest in and to those refundable security, cleaning and all other refundable deposits related to the Leases and which are in the actual possession of Assignor, including but not limited to those on the attached Schedule 2 ("**Deposits**"), if any, and the rights and obligations of Assignor thereunder.

3. Indemnification by Assignee. Assignee agrees to indemnify, defend (with counsel satisfactory to Assignor) and hold Assignor, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all litigation, loss cost, damage, claim, demand, expense or liability whatsoever (including without limitation),

Buyer's Initials 

Seller's Initials _____

Reasonable attorneys' fees, charges and costs) (collectively, "**Damages**") arising out of the Leases which Damages occur or arise on or after the effective date of this Assignment. Assignor agrees to indemnify, defend (with counsel satisfactory to Assignee) and hold Assignee, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all Damages arising out of the Leases which Damages occur or arise prior to the effective date of this Assignment.

4. Governing Law. This Assignment and all other instruments referred to herein shall be governed by, and shall be construed in accordance with, the laws of the State of California.

5. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and representatives.

6. Authority. The undersigned persons represent that they are authorized and have the legal capacity to enter into this Assignment.

7. Attorneys' Fees. In the event that any action is brought by either party to enforce the terms of this Assignment, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

8. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

[Signatures on Following Page.]

Buyer's Initials  MF 

Seller's Initials _____

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

_____, a

By: _____

Its: _____



ASSIGNEE:

_____, a

By: _____

Its: _____

Buyer's Initials

Seller's Initials _____

SCHEDULE 1 to Assignment of Leases

List of Leases

Buyer's Initials 

Seller's Initials _____

SCHEDULE 2 to Assignment of Leases

List of Deposits

Buyer's Initials  

Seller's Initials _____

**REAL PROPERTY PURCHASE AGREEMENT
& DEPOSIT RECEIPT**

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT.

PLEASE READ IT CAREFULLY

Seller: Lincoln Brand Feeds, Inc.
a California corporation

City/State: Lincoln, CA

Buyer: Cheryl Lynn Fisher and
Michael Thomas Fisher and or assignee

Date: June 6, 2018

Received from Buyer, the sum of Fifty Thousand Dollars (\$50,000.00) (the "Initial Deposit"). This sum, as evidenced by a personal check is to be held uncashed until the mutual execution of this Agreement and then deposited in escrow within three (3) calendar days from the Contract Date (defined as the date of execution by the last party to this Agreement) as a deposit for the purchase of the property situated in the City of Lincoln, County of Placer, State of California, more particularly described as follows (the "Property"):

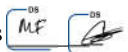

All that real property, together with improvements thereon, commonly known as Lincoln Feeds Building, 400-490 Lincoln Blvd, Lincoln, CA , +/-36,742 Gross Square Feet of improvements (APN: 008-144-018, 017, 016, 015, 014, 013), ("Property") further identified on Exhibit A, Part 1, parcels 1, 2, 3, 4, 5, 6 attached hereto.

1. TERMS OF SALE

(a) Purchase Price. The purchase price shall be Four Million Two Hundred Four Thousand Dollars (\$4,204,000.00) ("Purchase Price") and shall be paid as follows:

I.	INITIAL DEPOSIT:	\$ 50,000.00
ii.	INCREASED DEPOSIT:	\$ <u>50,000.00</u>
iii.	BALANCE OF CASH TO CLOSE:	\$ <u>2,404,000.00</u>
iv.	NEW LOAN:	\$ <u>1,700,000.00</u>
v.	TOTAL PURCHASE PRICE:	\$ <u>4,204,000.00</u>

(b) Increased Deposit. Buyer will deliver to Escrow Holder an additional sum of Fifty Thousand Dollars (\$50,000.00) within three (3) business days from the satisfaction or waiver of the conditions described in Paragraph 6, below (the "Increased Deposit"), bringing the deposit to the aggregate amount One Hundred Thousand Dollars (\$100,000.00). The Initial Deposit and the Increased Deposit shall be collectively referred to as the "Deposit." Total Deposit of One Hundred Thousand Dollars (\$100,000.00) will become non-refundable to Buyer and released to Seller through escrow upon the satisfaction or waiver of the conditions described in Paragraph 6 below. The Deposit shall be placed in an interest bearing account by Escrow Holder, with any interest accrued thereon to be credited to the Buyer. Upon the Close of Escrow (as hereinafter defined), the Deposit shall be credited toward the Purchase Price. Buyer and Seller agree that the liquidated damages described in this Purchase Agreement will be increased to the amount of the Increased Deposit, plus the Initial Deposit, on the date the Increased Deposit is due. Deposit shall be refundable to Buyer in the event of Seller or Lender default.

Buyer's Initials  

Seller's Initials _____

2. TITLE POLICY

Title shall be evidenced by Escrow Holder's title underwriter ("Title Company") issuing its standard Owner's Policy of Title Insurance to Buyer in an amount equal to the Purchase Price, showing title to the Property vested in Buyer. If Buyer elects to have Escrow Holder issue its ALTA Extended Coverage Owner's Policy of Title Insurance, Buyer shall pay for the expense of such ALTA premium increment and any survey costs associated with such ALTA policy. In addition, Buyer shall pay for any endorsements to the Title Policy, except for any endorsements obtained by Seller to cure any title matter objected to by Buyer in accordance with the term of Paragraph 6 below.

3. CLOSING DATE – ESCROW

(a) Opening of Escrow. An escrow shall be opened with Chris (Christine) Tsukamoto, Sr. Escrow Officer-Branch Manager, Stewart Title of Sacramento, 3461 Fair Oaks Blvd, Suite 150, Sacramento, CA 95864 (the "Escrow Holder"). Escrow shall close no **later than One Hundred Twenty (120) days** from Contract Date (the "Closing Date"), extended by the mutual written consent of the parties hereto. Each party shall deliver to Escrow Holder, in sufficient time for escrow to close on the Closing Date, all documents and monies required hereunder. Close of escrow shall be defined as the date that The Grant Deed is recorded in the Official Records of Placer County. Buyer may extend the close of escrow an additional 60 days with no less than Thirty (30) days written notice to Seller and an Additional Increased Deposit in the amount of Fifty Thousand Dollars (\$50,000.00) released to Seller through escrow.

(b) Prorations.

(1) Taxes/Assessments. All non-delinquent real estate taxes and assessments shall be prorated as of 12:01 a.m. on the Closing Date based on the actual current tax bill. All delinquent taxes and all delinquent assessments, interest and penalties, if any, on the Property shall be paid at the Closing Date from funds accruing to Seller. All supplemental taxes billed after the Closing Date for periods prior to the Closing Date shall be paid promptly by Seller to Buyer in immediately available funds.

(2) Rents/Security Deposits. Rent from the tenants at the Property shall be prorated for the month in which the Closing Date occurs. Any prepaid rents under the Leases shall be credited to Buyer as of the Closing Date. Seller will retain the right to collect from tenants of the Property the unpaid rent tenants owe Seller, and Buyer agrees to cooperate at no expense to Buyer with Seller's efforts to collect such rent. All sums paid by tenants to Buyer after the close of escrow shall be applied first by Buyer against sums due from tenants under the lease for periods following the Closing Date, and the remainder, if any, shall be paid over to Seller until such unpaid rent is paid.

(3) Corrections. If any errors or omissions are made regarding adjustments and prorations as set forth herein, the parties shall make the appropriate corrections promptly upon discovery thereof. If any estimates are made at the Closing Date regarding adjustments or proration's, the party shall make the appropriate correction promptly when accurate information

Buyer's Initials



Seller's Initials _____

Becomes available. Any corrected adjustment or proration shall be paid in cash or immediately available funds to the party entitled thereto.

4. CLOSING COSTS – TO BE PAID AS CUSTOMARY IN COUNTY

- | | | | | |
|-----|------------------------------------|--------|-------|-------------|
| (a) | Escrow Fees: | Seller | Buyer | Split 50/50 |
| (b) | Owner's Title Policy: | Seller | | |
| (c) | County Transfer Tax: | Seller | | |
| (d) | City Transfer Tax (if applicable): | Seller | Buyer | Split 50/50 |

Any additional escrow costs or fees shall be paid according to the custom and practice of the county in which the Property is located. In the event Seller or Buyer completes a tax-deferred exchange and additional closing costs and transfer taxes are incurred, the beneficiary of the exchange shall pay all additional costs arising out of the tax-deferred exchange.

5. POSSESSION

Possession of the Property shall be delivered to Buyer on the Closing Date.



6. CONDITIONS TO BUYER'S PERFORMANCE

All duties of Buyer to purchase the Property shall be expressly conditioned upon the satisfaction, at Buyer's sole discretion, of each of the conditions set forth below and elsewhere in this Agreement on or before the date set forth with regard to each condition. **IF BUYER NOTIFIES SELLER IN WRITING OF ANY DISAPPROVAL WITHIN THE SPECIFIED TIME PERIOD(S) BELOW, THIS AGREEMENT SHALL BE TERMINATED AND ALL DEPOSITS, WITH INTEREST IF ANY, SHALL BE RETURNED TO BUYER WITHOUT PENALTY. BUYER'S FAILURE TO TIMELY PROVIDE SUCH WRITTEN DISAPPROVAL SHALL BE DEEMED A WAIVER OF SUCH CONDITION.**

(a) Loan Contingency – New Financing. Within Thirty (30) days of the Contract Date, Buyer shall obtain a conditional loan commitment from Tri Counties Bank ("Lender") of not less than One Million Seven Hundred Thousand Dollars (\$1,700,000.00), secured by a deed of trust on the Property ("Loan"), on terms reasonably acceptable to Buyer. Funding of Loan shall remain a condition of closing.

(b) Buyer's Inspections.

(1) Physical Inspections. For a period commencing on the Contract Date and terminating at 5:00 p.m. (California time) on the date that is **Thirty (30) calendar days after the Delivery of all Seller's Documents and Materials, and Tri Counties Bank approval of this transaction ("Inspection Period")**, Buyer, its agent, contractors, subcontractors or employees (collectively, "Buyer's Representative") shall have the right to conduct any and all nondestructive inspections, investigations, tests and studies (including, but not limited to, roof, plumbing, soils tests, electrical, sprinkler, water, sewer, engineering studies, heating and air conditioning system or systems, and structural integrity of the improvements,

Buyer's Initials  

Seller's Initials _____

Including structural pest control reports, toxic/hazardous substance inspections, and to measure the square footage of the Property, including land and any improvements) with respect to the Property as Buyer may elect. Seller, by execution of this Agreement, hereby grants Buyer and Buyer's Representatives the right to enter upon and inspect and make reasonable tests upon the Property at reasonable times and upon notice to Seller, and Buyer shall hold Seller harmless from any damage or injury to persons or property by reason of the entry upon the Property by Buyer, its agents and its experts. Buyer shall order and pay all costs with respect to such inspections.

(2) Inspection of Documents, Books and Records. Within **Five (5) calendar days from the Contract Date**, Seller shall deliver to Buyer the following documents or copies to the extent they are in the Seller's possession: all plans or plans for improvement of the Property, surveys, soils tests, engineering studies, any leases and/or tenant agreements and correspondence, current rent roll, maintenance contracts, and any amendments thereto, involving the Property, and books and income/expense records covering the Property for the year(s) 2015, 2016, 2017, and for the current year ("Documents and Materials"). Seller warrants and represents that the books and records are those kept and maintained by Seller in the ordinary and normal course of business and used by Seller in the computation of its federal income tax returns. Buyer shall have until the expiration of the Inspection Period to inspect and approve or disapprove the Documents and Materials.

(3) Title Approval. Within **Five (5) calendar days** following the Contract Date, Seller shall deliver to Buyer at Seller's expense a current preliminary report (the "Preliminary Report"), together with a copy of all documents relating to exceptions shown on the Preliminary Report ("Title Documents"). Buyer shall have **Thirty (30) calendar days** from receipt of the Title Documents within which to notify Seller, in writing, of Buyer's disapproval of any exception shown in the Preliminary Report or the legal description. If Buyer does not give written notice of such disapproval within such period, the Preliminary Report shall be deemed approved. If Buyer disapproves of any exception in writing as described above, Seller shall have five (5) calendar days from the date of Seller's receipt of written notice of the disapproval to give written notice to Buyer that Seller shall remove the disapproved exception(s) prior to the Closing Date. Seller's failure to deliver the notice shall mean Seller will not remove the exception. If Seller elects not to remove any disapproved exception, Buyer shall have five

(5) Calendar days either (i) to terminate this Agreement or (ii) to waive its disapproval of such exception and agree to purchase the Property subject to the disapproved exception. If Buyer fails to so notify Seller, in writing, within five (5) calendar days of its election pursuant to this Paragraph, Buyer shall be deemed to have elected to terminate this Agreement. In the event of a termination hereunder, the parties shall have no obligations hereunder and Buyer's Deposit and interest thereon shall be returned to Buyer. Any exception which Buyer has approved hereunder, either by Buyer's approval, Buyer's failure to disapprove such exception, or by Buyer's waiver of a disapproval, shall be deemed a "Permitted Exception."

(4) Natural Hazard Disclosure. No later than **Five (5) calendar days** after the Contract Date, Seller shall deliver to Buyer a Natural Hazards Disclosure Statement for the Property. Buyer shall have approved the Natural Hazards Disclosure Statement and returned a signed copy thereof to Seller by the expiration of the Inspection Period.

Buyer's Initials

Seller's Initials _____

(5) Estoppel Certificates. Within **Fifteen (15)** calendar days prior to the expiration of the Inspection Period, Buyer shall have received an executed tenant estoppel certificate from all the tenants on the Property. Buyer shall have the right to review and approve each estoppel certificate and provide Seller written notice of such approval prior to the expiration of the Inspection Period.

(6) Seller's Obligations. As of the Closing Date, Seller shall have performed all of the obligations required to be performed by Seller under this Agreement including, without limitation, delivery of all documents to be deposited by Seller with Escrow Holder.

(7) Seller's Representations. All representations and warranties made by Seller to Buyer in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the Closing Date.

(8) Within Twenty Five (25) days from Contract Date Buyer shall receive from City of Lincoln Approval of Buyer's purchase and completed Demand for Payoff for the sale of Seller's adjacent property known as Assessor's Parcel Numbers (APN): 008-144-019 and 008-144-020 the "Excess Land Parcels" (also identified in Exhibit A as Part Two) to be sold to Buyer. Closing of Buyer's purchase of the Excess Land Parcels shall remain a condition of Closing.



(c) **Buyer's 1031 Exchange - Close of Escrow Contingency:** It is Buyer's intent to complete a tax deferred exchange pursuant to IRS Code 1031 and, as such, Buyer's purchase is contingent upon the close of escrow of Buyer's properties located at 830-840 Civic Center Drive, and 1530 Aviso Street, Santa Clara, CA 95050 ("Buyer's Exchange Properties"). Buyer's 1031 Exchange - Close of Escrow Contingency period shall run through the Closing. Buyer agrees it shall not purchase any other property other than subject Property and Excess Land Parcels with the proceeds from Buyer's Exchange Properties.

7. **CONDITIONS TO SELLER'S PERFORMANCE**

All duties of Seller to sell the property shall be expressly conditioned upon the satisfaction of each of the conditions set forth below on or before the date set forth with regard to each condition. **SELLER SHALL NOTIFY BUYER, IN WRITING, OF SELLER'S REMOVAL OR WAIVER OF EACH CONDITION SET FORTH BELOW WITHIN THE SPECIFIED TIME PERIOD OR THIS CONTRACT SHALL BE TERMINATED AND ALL DEPOSITS, WITH INTEREST IF ANY, SHALL BE RETURNED TO BUYER WITHOUT PENALTY.**

(a) Approval of Buyer's Financial Conditions. Within **Five (5)** calendar days after the Contract Date, Buyer shall provide Seller with written evidence of the source of funds to close this transaction. In addition, within **Thirty (30)** calendar days from the Contract Date, Buyer shall provide to Seller a "pre-approval letter" from Buyer's lender acknowledging its review and approval of the Buyer, Buyer's credit, Buyer's financials, the Property and its financials and confirming the lender's ability to provide the necessary loan commitment within the given loan contingency period subject to conditions of underwriting. Buyer hereby authorizes Seller's agent to contact lender directly and discuss the loan process and status throughout the escrow period.

(b) Buyer's Obligations. Buyer shall have timely performed all of the obligations required to be performed by Buyer under this Agreement.

Buyer's Initials  

Seller's Initials _____

(c) Buyer's Representations. All representations and warranties made by Buyer to Seller in this Agreement shall be true and correct on the date hereof and shall be true and correct in all material respects as of the close of escrow.

8. LIQUIDATED DAMAGES

IF BUYER FAILS TO PURCHASE THE PROPERTY BECAUSE OF ITS DEFAULT IN THE PERFORMANCE OF ANY PROVISIONS OF THIS AGREEMENT, BY PLACING THEIR INITIALS AT THE END OF THIS SENTENCE, BUYER AND SELLER AGREE THAT THE DEPOSIT DESCRIBED IN THIS AGREEMENT SHALL BE DELIVERED TO SELLER AS LIQUIDATED DAMAGES.


BUYER

SELLER


RETENTION OF THE DEPOSIT BY SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BECAUSE OF THE SPECIAL NATURE OF THE NEGOTIATIONS WHICH PRECEDED ACCEPTANCE BY SELLER OF BUYER'S OFFER TO ACQUIRE THE PROPERTY, THE PARTIES ACKNOWLEDGE THAT THE ACTUAL DAMAGE WHICH BUYER'S DEFAULT WOULD CAUSE TO SELLER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ESTABLISH. IN ADDITION, BUYER DESIRES TO HAVE A LIMITATION ON ITS POTENTIAL LIABILITY TO SELLER IN THE EVENT THAT BUYER DEFAULTS IN ITS OBLIGATION TO TIMELY PERFORM ANY OF THE TERMS, COVENANTS AND CONDITIONS OF THIS AGREEMENT. THEREFORE, IN ORDER TO INDUCE SELLER TO WAIVE ALL OTHER MONETARY REMEDIES IT MAY HAVE IN THE EVENT OF BREACH BY BUYER OF ITS OBLIGATIONS HEREUNDER TO PURCHASE THE PROPERTY, BUYER AND SELLER, BY INITIALING IN THE SPACE PROVIDED ABOVE, HAVE AGREED TO LIQUIDATED DAMAGES AS SET FORTH HEREIN, WITH THE AMOUNT OF THE PAYMENT TO SELLER AND THE TIMING OF SUCH PAYMENT HAVING BEEN THE SUBJECT OF CONSIDERABLE NEGOTIATIONS BETWEEN THE PARTIES.

9. BINDING AGREEMENT

This Agreement, to the extent assignable, is binding upon the heirs, executors, administrators, successors and assigns of the Buyer and Seller, and shall survive recordation of the Grant Deed and close of escrow.

10. CONFLICTING DOCUMENTS

Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor the occurrence of the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, (i) any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party, or (ii) any laws, rules,

Buyer's Initials 

Seller's Initials _____

regulations, codes or ordinances applicable to Buyer.

11. LEGAL ACTION

If either party commences an action against the other to interpret or enforce any of the terms of this Agreement or because of the breach by the other party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses and court costs and other costs of action incurred in connection with the prosecution or defense of such action, whether or not the action is prosecuted to a final judgment. For the purpose of this Agreement, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photo stating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred. The term "attorney" shall have the same meaning as the term "counsel."

12. ARBITRATION OF DISPUTES

ANY DISPUTE OR CLAIM IN LAW OR EQUITY ARISING OUT OF THIS AGREEMENT, OR ANY TRANSACTION RESULTING FROM THIS AGREEMENT, SHALL BE DECIDED BY NEUTRAL BINDING ARBITRATION IN ACCORDANCE WITH THE CALIFORNIA CODE OF CIVIL PROCEDURE, PART III, and TITLE 9. JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN A COURT HAVING JURISDICTION THEREOF. THE PARTIES SHALL HAVE THE RIGHT TO DISCOVERY PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE, SECTION 1283.5. IF THE PARTIES CANNOT AGREE ON THE SELECTION OF AN ARBITRATOR, THE PRESIDING JUDGE OF THE SUPERIOR COURT HAVING JURISDICTION TO ENFORCE THE AWARD SHALL SELECT THE ARBITRATOR. THE ARBITRATOR'S FEE SHALL BE PAID BY THE LOSING PARTY.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.


BUYER

SELLER

Buyer's Initials



Seller's Initials _____



13. BROKER

Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Broker(s) named in Paragraph 15, and no broker or other person, firm or entity, other than said Broker(s) is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Broker(s) by reason of any dealings or act of the indemnifying Party.

14. BROKER'S FEE

Payment on the Closing Date of such Broker's Fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Broker(s). It is agreed by Buyer, Seller and Escrow Holder that Broker(s) is/are a third party beneficiary of this Agreement insofar as the Broker's fee is concerned, and that no change shall be made by Buyer, Seller or Escrow Holder with respect to the time of payment, amount of payment, or the conditions to payment of the Broker's Fee specified in this Agreement, without the written consent of Broker(s).



15. BROKER'S RELATIONSHIP TO THE PARTIES

(a) **Broker as Agent of Seller:** By placing their initials here, Seller () () and Buyer () () () acknowledge and agree that Tiner Commercial Real Estate is and has been acting in this transaction as the Agent of Seller, and not of Buyer.

16. BROKER REPRESENTATIONS

Buyer and Seller understand that Broker has not made any investigation or determination regarding the value of the Property; the present or future use of the Property; any possible violations of any federal, state, county, or municipal ordinances, statutes, zoning; proposed acquisition of the Property by the federal, state, county or municipal governments; the accuracy of income and expense information; existence or content of any leases; the existence of physical defects in the Property, the size of the Property or the size of any improvements, and Buyer and Seller hereby release Broker from any liability relating thereto and agree that such investigation and determination has been Buyer's sole responsibility and Broker shall not be held responsible therefor.

Buyer is advised that any representation of square footage with respect to the Property and any improvements thereon are approximations only, which may be inaccurate. Buyer acknowledges that the Purchase Price is not based on the square footage of any improvements or lot size.

Buyer's Initials  

Seller's Initials _____

17. CONSULT YOUR ATTORNEY AND TAX CONSULTANT

NO REPRESENTATION OR RECOMMENDATION IS MADE BY TINER COMMERCIAL REAL ESTATE SERVICES OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATED. BUYER AND SELLER ARE URGED TO:

(a) SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.

(b) RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OR THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

18. MAINTENANCE OF THE PROPERTY

Seller shall be responsible for normal and customary maintenance of the Property in its present condition, subject to normal wear and tear, and shall pay any and all expenses of any kind incurred in the normal and customary maintenance and operation of the Property until close of escrow; provided that, except as provided in Paragraph 19, Seller shall have no obligation to replace any item or to incur any capital expenditures in such maintenance.



19. DAMAGE OR DESTRUCTION

Notwithstanding the foregoing, if a material portion of the Property is damaged or destroyed prior to the close of escrow, Buyer may elect to continue this Agreement in full force and effect without modification and to purchase the Property in its damaged condition, in which event Seller shall assign to Buyer at close of escrow all insurance proceeds due as a result of such damage and destruction, whether or not such insurance proceeds are adequate to repair such damage and destruction. A destruction shall be considered material if the cost of repair or replacement without deduction for depreciation exceeds ten percent (10%) of the purchase price, provided that if applicable building codes or other laws or regulations require work exceeding the repair or replacement of the actual damage, the cost shall be considered to include all the work. Unless Buyer notifies Seller in writing within **Thirty (30) calendar days** from the date Buyer is notified in writing of the cost of repair and amount of insurance proceeds to continue this Agreement, this Agreement shall terminate and Buyer shall receive back its deposit, together with any interest earned on the deposit.

20. TAX-DEFERRED EXCHANGE

Buyer and Seller agree to cooperate with each other for the purpose of effecting a tax-deferred exchange(s) pursuant to Internal Revenue Code Section 1031, providing:

- (a) Close of escrow hereunder is not delayed;
- (b) The cooperating party shall incur no additional expense by reason of such cooperation; and
- (c) The exchanging party shall hold the cooperating party harmless from any and all liability by reason of the cooperating party's acquiring title for the purposes of such exchange.

Buyer's Initials  

Seller's Initials _____



A TAX-DEFERRED EXCHANGE IS A TECHNICAL MATTER WHICH SHOULD BE STRUCTURED BY A TAX ATTORNEY OR LICENSED CPA TO ASSURE COMPLIANCE WITH ALL LEGAL REQUIREMENTS. HAVE YOUR TAX ADVISOR REVIEW AND STRUCTURE THIS ASPECT OF THIS TRANSACTION.

21. PROPERTY TO BE SOLD "AS-IS"

(a) Except as otherwise expressly set forth herein, Buyer acknowledges that Buyer is purchasing the Property solely in reliance on Buyer's own investigation and that no representations or warranties of any kind whatsoever, express or implied, have been made by Seller, Seller's agents, or Broker. Buyer further acknowledges that as of the close of escrow, Buyer will be aware of all zoning regulations, other governmental requirements, site and physical conditions, and other matters affecting the use and conditions of the Property, and Buyer agrees to purchase the Property in the condition in which it is at close of escrow.

(b) Except for the specific representations or warranties of Seller contained herein, Buyer is purchasing the Property hereunder strictly on an "as is" basis, and regardless of the Property's topography, climate, air, water rights, utilities, water, possible toxic waste or hazardous materials, present and future zoning, soil, subsoil, purpose to which the Property is suited, drainage, access to public roads, proposed routes or enlargement of roads or extensions thereof. Buyer further acknowledges and agrees that the Property is or may be subject to zoning, P.U.D., or other municipal ordinance restrictions (which Buyer acknowledges Buyer is familiar with). Subject to the conditions to Buyer's performance set forth in Paragraph 6 and other hereunder, the Property is to be purchased, conveyed, and accepted by Buyer in its present condition, "as is", and no patent or latent physical condition of the Property, whether or not known or unknown or discovered at a later date, shall affect this transaction and the Purchase Price paid for the Property hereunder. Buyer is obligated to close escrow notwithstanding the condition of the Property if all conditions precedent are satisfied or waived. All work in connection with preparing the Property for the use intended by Buyer, all costs incidental thereto, and all other costs, fees, studies, reports, approvals, plans, surveys, permits and expenses whatsoever necessary or desirable in connection with Buyer's acquiring, developing, using and/or operating the Property shall be obtained and paid for by and shall be the sole responsibility of Buyer. Buyer will, prior to the close of escrow, have investigated and will have knowledge of operative or proposed governmental laws and regulations, including, but not limited to, zoning, environmental (including specifically the regulations of the Environmental Protection Agency) and land use laws and regulations to which the Property may be subject, and shall acquire the Property subject to the foregoing and to such other laws and regulations that pertain to the Property and in reliance of Seller's representation and warranties.

(c) Except as otherwise provided hereunder, Buyer has neither received nor relied upon any representations concerning any laws and regulations made by Seller, Seller's employees, agents, brokers or any other person acting on or in behalf of Seller. Except as to Seller's covenants, representations and warranties set forth hereunder, Buyer hereby waives, releases, acquits, and forever discharges Seller and Broker of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, that it now has or

Buyer's Initials  

Seller's Initials _____

which may arise in the future on account of or in any way growing out of or connected with the condition of the Property, any toxic wastes or hazardous materials located thereon, any settlement or subsidence of construction thereon, if any, or with any operative or proposed governmental laws and regulations, including, but not limited to, zoning, environmental, and land use laws and regulations to which the Property may be subject or with Buyer's contemplated use and development of the Property.

22. ASSIGNMENT OF LEASES AND WARRANTIES

Seller shall assign to Buyer all leases (in the form attached hereto as Exhibit F), warranties and all Seller's rights against the contractors, subcontractors, suppliers and materialmen involved in the construction or operation of the Property (in the form attached hereto as Exhibit C).

23. TOXIC CONTAMINATION DISCLOSURE

Buyer acknowledges that it understands that there are substantial potential liabilities under environmental laws associated with the ownership, possession or control of real property where a hazardous waste, hazardous substance or any hazardous or radioactive material, as those terms are defined in any local, state, or federal law (collectively "Toxic"), has come to be located, and that Buyer has been advised to conduct an appropriate environmental assessment of the Property and the properties in the vicinity of the Property prior to close of escrow, and that if Buyer fails to undertake such an environmental assessment, or purchase the Property with reason to know that Hazardous Substances may be located on, in or under the Property, Buyer may have no defense to liability under certain environmental laws. Buyer further acknowledges that even if Buyer performs an appropriate environmental assessment and purchases the Property without knowledge of the presence of hazardous environmental conditions on the Property, buyer may have no defense to liability for conditions existing on the Property.

24. SELLER'S REPRESENTATIONS AND WARRANTIES


Se leer hereby represents to the best of Se leers actual knowledge to Buyer:

(a) Documents Delivered. That all documents delivered to Buyer by Seller pursuant to the terms of this Agreement are complete and as of their respective dates true and correct.

(b) Seller's Authority. Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(c) Compliance with Plans and Specifications. That the improvements located on the Property have been constructed and completed in accordance with the plans and specifications submitted to governmental authorities in accordance with any zoning application or application for building permit relating to such improvements and in accordance with all covenants, conditions, restrictions and agreements of any kind or nature affecting the Property or the development thereof and in compliance with building codes and ordinances.

(d) Compliance with Laws. To Seller's actual knowledge, except as may be disclosed in the documents and materials and any other reports or information provided to Buyer, Seller

Buyer's Initials 

Seller's Initials _____

Has received no written notification from any governmental agency that the Property violates any current laws, regulations, building codes or ordinances applicable thereto.

(e) Compliance with Agreements. That neither this Agreement nor anything provided to be done hereunder, including, but not limited to, the conveyance of the Property, violates or shall violate any contract, agreement or instrument to which Seller is a party or which affects the Property.

(f) State of Facts. That Seller is not in default of any of its obligations or liabilities pertaining to the Property, nor is there any state of facts or circumstances or condition or event which, after notice or lapse of time or both, would constitute or result in any such default.



(g) Leases. That the Leases listed on the rent roll, when delivered to Buyer, are in full force and effect, there are no defaults by landlord or tenant thereunder, and the Leases are subject to no claims or offsets for the benefit of tenants. No rent has been prepaid for the benefit of tenants, nor security deposits paid other than as disclosed to Buyer in the rent roll. There are no agreements, written or oral, with any tenant except those listed on the rent roll and delivered to Buyer and the Leases have not previously been assigned, conveyed, pledged, hypothecated or otherwise alienated by Seller. The rental rates set forth on the rent schedule accurately state the rentals that are being charged by Seller and paid by tenants for new Leases at the Property. There are no pending or threatened claims by any tenants and there are no agreements or covenants not performed with respect to any Lease.

(h) Leasing Commission. That there are no outstanding leasing commission's payable for any of the Leases and there are no obligations to pay any leasing commission for any renewal of the tenancy of any of the tenants or for any new lease negotiated prior to close of escrow.

(i) Foreign Person. Seller is not a "foreign person" as defined in §1445 of the Internal Revenue Code of 1986, as amended (the "Code"), or under any similar sections of any similar laws of the State of California; i.e., Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and Income Tax Regulations or similar California laws or regulations. Seller shall sign under penalty of perjury and deliver to Buyer at Close of Escrow a certification thereof indicating thereon Seller's U.S. taxpayer identification number and address.

(j) Litigation. That Seller is not involved in or aware of any pending or threatened litigation which does or will affect the Property. There are no actions or proceedings pending or threatened against Seller before any court or administrative agency in any way connected with or relating to the Property, or affecting Seller's ability to fulfill all of its obligations under this Agreement.

(k) No Prior Transfers. Seller has not previously sold, transferred or conveyed the Property, and has not entered into executory contracts for the sale of all or any part of the Property (other than this Agreement), nor do there exist any rights of first refusal or option to purchase the Property, other than this Agreement.

Buyer's Initials  

Seller's Initials _____

(l) Survival. That Seller's representations, warranties and covenants contained in this Paragraph shall survive close of escrow and the recordation of the Grant Deed.

25. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby represents to the best of Buyer's actual knowledge to Seller:

(a) Buyer's Authority. Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(b) Signatory. The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer and the partners of Buyer, if any, have the legal power, right, and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(c) OFAC Compliance. Buyer warrants that it is in compliance with all laws, statutes, rules and regulations or any federal, state or local governmental authority in the United States of America applicable to it and all beneficial owners of it, including, without limitation, the requirements of Executive Order No. 133224, 66 Fed Reg. 49079 (September 25, 2001) (the "Order") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control of the Department of the Treasury ("OFAC") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"). Neither Buyer nor any beneficial owner of Buyer (with "beneficial owner" excluding the stockholders of any publicly traded corporation):

(1) Is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "Lists");

(2) Has been determined by competent authority to be subject to the prohibitions contained in the Orders;



(3) Is owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or

(4) Shall transfer or permit the transfer of any interest in Buyer or any beneficial owner in it to any person who is or whose beneficial owners are listed on the Lists.

Each of the representations and warranties contained in this subsection (c) shall be deemed remade by Buyer as of the close of escrow and shall survive the close of escrow.

26. NOTICES

All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in

Buyer's Initials  

Seller's Initials _____

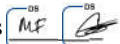
accordance with the provisions of this Paragraph, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent before 5:00 p.m. on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first- class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (d) one (1) business day after the notice has been deposited with either FedEx or United Parcel Service to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

SELLER:	<u>Bill and Lorre Falconi, 212 Prospect Street, Nevada City, CA 95959</u> <u>John Falconi, 702 Martis Peak, Incline Village, NV 89451</u>
BUYER:	<u>Michael and Cheryl Fisher, 820 Civic Center Dr., Santa Clara, 95050</u>
ESCROW HOLDER:	<u>Chris (Christine) Tsukamoto, Sr. Escrow Officer-Branch</u> <u>Manager, Stewart Title of Sacramento, 3461 Fair Oaks Blvd</u> <u>Suite 150, Sacramento, CA 95864</u>
COPY TO BROKERS:	<u>Tiner Commercial Real Estate c/o Tony Wood</u> <u>6833 Fair Oaks Blvd Carmichael, CA 95608</u>

Each party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this Paragraph, and that any person to be given notice actually receives such notice. Any notice to a party which is required to be given to multiple addresses shall only be deemed to have been delivered when all of the notices to that party have been delivered pursuant to this Paragraph. If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A party may change or supplement the addresses given above, or designate additional addressees, for purposes of this Paragraph by delivering to the other party written notice in the manner set forth above.

27. GENERAL

(a) Entire Agreement. This Agreement constitutes the final and entire Agreement between the Parties and they shall not be bound by any terms, covenants, conditions, representations or warranties not expressly contained herein. This Agreement may not be amended except by written instrument executed by both Parties.

Buyer's Initials 

Seller's Initials _____

(b) Partial Invalidity. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(c) Time of the Essence. Time is of the essence of this Agreement and the performance of the terms and conditions hereof.


(d) Successors and Assigns; No Assignment; No Third Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective legal representatives, successors, permitted assigns and indemnities described herein. Nothing in this Agreement, express or implied, is intended to or shall (a) confer on any person or entity other than the Parties and their respective successors or assigns any rights (including third-party beneficiary rights), remedies, obligations or liabilities under or by reason of this Agreement or (b) constitute the Parties as partners or as participants in a joint venture. Buyer may assign this Agreement without the prior written consent of Seller.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Except for instruments which are to be recorded, facsimile or emailed pdf (or similar) copies of this Agreement signed by the Parties shall be binding and enforceable as if the same were executed originals.

(f) Counting of Days. Unless otherwise indicated, "day" as used herein means a calendar day. A "business day" as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date (whether calculated based on business days or calendar days) for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day. The time in which any act is to be done hereunder is computed by excluding the first day and including the last.

(g) Interpretation. Article and section headings are not a part hereof and shall not be used to interpret the meaning of this Agreement. This Agreement shall be interpreted in accordance with the fair meaning of its words and both Parties certify they either have been or have had the opportunity to be represented by their own counsel and that they are familiar with the provisions of this Agreement, which provisions have been fully negotiated. No provision of this Agreement or any related document shall be construed against or interpreted to the disadvantage of any Party hereto by any mediator, arbitrator, court or other governmental or judicial authority by reason of such Party having or being deemed to have structured or drafted such provision. Any capitalized term used in any Exhibit but not otherwise defined therein, shall have the meaning assigned to such term in this Agreement.

(h) Exhibits. Each writing or plat or plan referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit is incorporated herein by reference and made a part hereof. The following exhibits are attached hereto:

Buyer's Initials 

Seller's Initials _____

Exhibit a	Property Description
Exhibit B	Bill of Sale
Exhibit C	Assignment of Contracts and Warranties
Exhibit D	Closing Documents
Exhibit E	Grant Deed
Exhibit F	Assignment of Leases

(i) Limitation on Liability. Buyer and Seller expressly agree that the obligations and liabilities of each Party under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, shareholders, employees, agents, trustees, partners, members, representatives or other principals and representatives of said Party.

(j) No Partnerships. Nothing in this Agreement shall be deemed in any way to create between the Parties any relationship of partnership, joint venture or association, and the Parties disclaim the existence thereof.

(k) Waivers. Except as otherwise provided, no Party shall be deemed to have waived the exercise of any right that it holds hereunder unless such waiver is made expressly and in writing (and no delay or omission by any Party hereto in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right.


(l) Jurisdiction, Venue and Governing Law. In the event of any action or proceeding arising out of this Agreement or the transactions contemplated hereby, the Parties agree that exclusive jurisdiction and venue will lie in, or the Superior Court of the State of California for the County of Sacramento, and each of the Parties consent and agree to jurisdiction and venue in such courts. This Agreement will be construed as to both validity and performance and enforced in accordance with and governed by the internal laws of the State of California without giving effect to the choice of law provisions thereunder.

28. TIME AND DATE FOR ACCEPTANCE

Buyer's signature hereon constitutes an offer to Seller to purchase the Property. Unless acceptance hereof is signed by Seller and the signed copy received by Buyer or Buyer's agent, either in person or by facsimile transmission or by mail to the address shown below by 5:00 p.m., June 15, 2018, this offer shall be deemed revoked and the deposit shall be returned to Buyer.

29. ENTIRE AGREEMENT


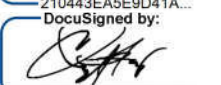
Except for any addenda attached hereto, this Agreement constitutes the entire agreement between Buyer and Seller with respect to the purchase of the Property by Buyer and supersedes all other agreements, letters, and memoranda of understanding respecting the same, whether written or oral. This Agreement may not be modified by either party by oral representation made before, contemporaneous with or after the execution of this Agreement. All modifications, amendments or additions to this Agreement must be in writing signed by Seller and by Buyer.

Buyer's Initials 

Seller's Initials _____



The undersigned Buyer offers and agrees to buy the Property on the terms and conditions above stated and acknowledges receipt of a copy hereof.

BUYER: Cheryl Lynn Fisher and
Michael Thomas Fisher and or assignee

By: 
210443EA5E9D41A...
DocuSigned by:
By: 
9099D6E63C0B4AE...

Date: 6/11/2018 3:20:03 PM PDT
_

Date: 6/11/2018 3:18:47 PM PDT
_

Buyer's Initials  

Seller's Initials _____

ACCEPTANCE

Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

Seller acknowledges that Seller's Broker, Tiner Commercial Real Estate Services, has been retained to locate a Buyer and Tiner Commercial Real Estate Services is the procuring cause of the purchase and sale of the Property set forth in this Agreement. In consideration of real estate brokerage service rendered by Seller's Broker, Seller agrees to pay Seller's Broker a real estate brokerage fee pursuant to the agreement between Seller and Seller's Broker (the "Broker's Fee"). As is provided in Paragraph 14, this Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such brokerage fee to Seller's Broker out of the proceeds accruing to the account of Seller on the Closing Date.

Seller acknowledges receipt of a copy hereof and authorizes the Broker(s) to deliver a signed copy to Buyer.

Notwithstanding the foregoing, this Paragraph does not modify or supersede in any way the terms of any written Listing Agreement between Seller and Broker.

SELLER: Lincoln Brand Feeds, Inc.
a California corporation

By: _____

Date: _

By: _____

Date: _

Seller's Broker agrees to the commission provisions above:

TINER COMMERCIAL REAL ESTATE

By: _____ Date: _____
Tony Wood, Agent, CA BRE Lic. # 000549071

By: _____ Date: _____
Ben Tiner, Managing Broker, CA BRE Lic. # 01705584

Buyer's Initials



Seller's Initials _____

Exhibit B**Bill of Sale**

This Bill of Sale (this "**Bill of Sale**") is made this _____ day of _____, 20____, by _____, a (n) _____ ("**Seller**"), and _____, a (n) _____ ("**Buyer**").

WITNESSETH:

Seller and Buyer entered into that certain Real Property Purchase Agreement and Deposit Receipt dated _____, 20____ ("**Purchase Agreement**"), whereby Seller agreed to sell to Buyer, and Buyer agreed to purchase from Seller, the real property commonly known as _____ ("**Property**"), all as more fully described in the Purchase Agreement. Capitalized terms defined in the Purchase Agreement shall have the same meaning in this Assignment.

Under the Purchase Agreement, Seller is obligated to transfer the personal property described on the attached Schedule 1 (the "**Personal Property**") to Buyer.

NOW, THEREFORE, for good and valuable consideration n, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, transfer, sell, set over, assign, convey, release, confirm and deliver to Buyer all of the Personal Property located at the Property, to the extent owned by Seller. Seller makes no representation or warranty regarding title or the condition, fitness or usefulness of the Personal Property and Buyer acknowledges and agrees that Buyer is acquiring the aforesaid Personal Property in its AS-IS, WHERE-IS CONDITION, WITHOUT WARRANTY, EITHER EXPRESS OR IMPLIED.

This Bill of Sale shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and representatives of Buyer and Seller.

This Bill of Sale shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of California.

The undersigned persons represent that they are authorized and have the legal capacity to enter into this Bill of Sale.

IN WITNESS WHEREOF, the parties have executed this Bill of Sale as of the date first above written.

[Signature on Following Page.]

Buyer's Initials _____



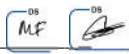
Seller's Initials _____

SELLER:

_____, a

By: _____

Its: _____

Buyer's Initials 

Seller's Initials _____

Exhibit B**Assignment of Contracts and Warranties**

This Assignment of Contracts and Warranties (this "**Assignment**") is made this ____ day Of _____, 20____ ("**Effective Date**"), by and between _____, a (n) _____ ("**Assignor**"), and _____, a (n) _____ ("**Assignee**").

Recitals

A. Assignor and Assignee entered into that certain Real Property Purchase Agreement and Deposit Receipt dated _____, 20____ (the "**Purchase Agreement**") Whereby Assignor agreed to sell to Assignee, and Assignee agreed to purchase from Assignor, the real property commonly known as _____ ("**Property**"), all as more fully described in the Purchase Agreement. Capitalized terms defined in the Purchase Agreement shall have the same meaning in this Assignment.

B. The Purchase Agreement obligates Assignor to assign to Assignee all of those contracts and warranties relating to the Property listed on Schedule 1 attached hereto (collectively, "**Contracts**").


C. By grant deed dated as of the date hereof, to be recorded in the Official Records of _____ County, California, with the delivery hereof, Assignor conveyed the Property, to the Assignee, with all improvements thereon, to the Assignee.

NOW, THEREFORE, in consideration of the Purchase Agreement and of there good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

Agreement

1. Assignment of Contracts. Assignor hereby sells, assigns, transfers and conveys unto Assignee, and its successors and assigns, all of Assignor's right, title and interest in and to the Contracts and all causes of action against third parties with respect to the Contracts. By execution hereof, Assignee agrees to assume and be bound by Assignor's obligations first arising on or after the date hereof under the Contracts.

2. Indemnification by Assignee. Assignee agrees to indemnify, defend (with counsel satisfactory to Assignor) and hold Assignor, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all litigation, loss cost, damage, claim, demand, expense or liability whatsoever (including without limitation), reasonable attorneys' fees, charges and costs) (collectively, "**Damages**") arising out of the Contracts, to the extent such Damages occur or arise from facts or circumstances from and after the Effective Date of this Assignment. Assignor agrees to indemnify, defend (with counsel satisfactory to Assignee) and hold Assignee, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all Damages arising out of the Contracts, to the extent such Damages occur or arise from facts or circumstances in existence as of the Effective Date of this Assignment.

Buyer's Initials 

Seller's Initials _____

3. Governing Law. This Assignment and all other instruments referred to herein shall be governed by, and shall be construed in accordance with, the laws of the State of California.

4. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and representatives.

5. Authority. The undersigned persons represent that they are authorized and have the legal capacity to enter into this Assignment.

6. Attorneys' Fees. In the event that any action is brought by either party to enforce the terms of this Assignment, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

7. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one (1) and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

_____, a

ASSIGNEE:

_____, a

By: _____

Its: _____

By: _____

Its: _____


Buyer's Initials

 MF

Seller's Initials _____

SCHEDULE 1 to Assignment of Contracts and Warranties


List of Contracts

Buyer's Initials 

Seller's Initials _____

Exhibit C
Closing Documents

- A. Deposits by Seller
1. Grant Deed
 2. FIRPTA Certificate
 3. California Franchise Tax Withholding
 4. Bill of Sale (if applicable)
 5. Assignment of Contracts and Warranties (if applicable)
 6. Assignment of Leases (if applicable)
 7. Tenant Notification Letter (if applicable)
 8. Other documents reasonably required by Escrow Holder
- B. Deposits by Buyer
1. Purchase Price
 2. Assignment of Contracts and Warranties (if applicable)
 3. Assignment of Leases (if applicable)
 4. Other documents reasonably required by Escrow Holder

Buyer's Initials 

Seller's Initials _____

Exhibit C

Grant Deed

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

APN: _____

The undersigned Grantor(s) declare under the penalty of perjury that the following is true and correct:

Documentary Transfer Tax is \$ _____.

- () Computed on full value of property conveyed, or
 () Computed on full value less value of liens and encumbrances remaining at time of sale. ()
 Unincorporated area () City of _____

GRANTOR(S): _____

Hereby GRANT(S) to:

GRANTEE(S): _____

All of his/her/their right, title and interest in and to the following described real property located in the County of _____, State of California:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Commonly known as: _____

Dated: _____

Signature

Buyer's Initials




Seller's Initials _____

EXHIBIT A to Grant Deed

Legal Description

Insert legal here.

APN: _____

Buyer's Initials 

Seller's Initials _____

Exhibit C Assignment of Leases

This Assignment of Leases (this "**Assignment**") made this _____ day of _____ 20____ ("**Effective Date**"), is entered into by and between _____, A (n) _____ ("**Assignor**"), and _____, a (n) _____ ("**Assignee**").

Recitals

A. Assignor and Assignee entered into that certain Real Property Purchase Agreement and Deposit Receipt dated _____, 20____ ("**Purchase Agreement**"), Whereby Assignor agreed to sell to Assignee, and Assignee agreed to purchase from Assignor, the real property commonly known as _____ ("**Property**"), all as more fully described in the Purchase Agreement. Capitalized terms defined in the Purchase Agreement shall have the same meaning in this Assignment.

B. The Purchase Agreement obligates Assignor to assign to Assignee the Leases (as defined below) and security deposits in the actual possession of Assignor (if any) related to the Property.

C. By grant deed dated as of the date hereof, to be recorded in the Official Records of County, California, with the delivery hereof, Assignor conveyed the Property, with all improvements thereon, to the Assignee.


NOW, THEREFORE, in consideration of the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

Agreement

1. Assignment of Leases. Assignor hereby sells, assigns, transfers and conveys unto Assignee, and its successors and assigns, all of Assignor's right, title and interest in and to the Leases listed on the schedule attached hereto and incorporated herein as Schedule 1 ("**Leases**"). By execution hereof, Assignee agrees to assume and be bound by Assignor's obligations accruing on or after the date hereof under the Leases.

2. Assignment of Deposits. Assignor hereby sells, assigns, transfers and conveys unto Assignee, and its successors and assigns, all of Assignor's right, title and interest in and to those refundable security, cleaning and all other refundable deposits related to the Leases and which are in the actual possession of Assignor, including but not limited to those on the attached Schedule 2 ("**Deposits**"), if any, and the rights and obligations of Assignor thereunder.

3. Indemnification by Assignee. Assignee agrees to indemnify, defend (with counsel satisfactory to Assignor) and hold Assignor, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all litigation, loss cost, damage, claim, demand, expense or liability whatsoever (including without limitation),

Buyer's Initials 

Seller's Initials _____

Reasonable attorneys' fees, charges and costs) (collectively, "**Damages**") arising out of the Leases which Damages occur or arise on or after the effective date of this Assignment. Assignor agrees to indemnify, defend (with counsel satisfactory to Assignee) and hold Assignee, its partners, officers, directors, shareholders, trustees, employees and agents harmless from and against any and all Damages arising out of the Leases which Damages occur or arise prior to the effective date of this Assignment.

4. Governing Law. This Assignment and all other instruments referred to herein shall be governed by, and shall be construed in accordance with, the laws of the State of California.

5. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and representatives.

6. Authority. The undersigned persons represent that they are authorized and have the legal capacity to enter into this Assignment.

7. Attorneys' Fees. In the event that any action is brought by either party to enforce the terms of this Assignment, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

8. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

[Signatures on Following Page.]

Buyer's Initials

Seller's Initials _____

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

_____, a

By: _____


Its: _____

ASSIGNEE:

_____, a

By: _____


Its: _____

Buyer's Initials The stamp consists of two small square boxes. The first box contains the initials 'MF' and the second box contains a handwritten signature.

Seller's Initials _____

SCHEDULE 1 to Assignment of Leases


List of Leases

Buyer's Initials 

Seller's Initials _____

SCHEDULE 2 to Assignment of Leases

List of Deposits

Buyer's Initials 

Seller's Initials _____

Exhibit B



Richard M. Healy
Vice President | Senior Special Assets Officer

June 15, 2018

Ms. Anastasia Efstathiou, Finance Manager
City of Lincoln
600 Sixth Street
Lincoln, CA 95648

Re: Proposed Purchase of Property Known as the "Lincoln Brand Feeds Building"
400-490 G Street, Lincoln, CA 95648

Dear Ms. Efstathiou:

The above referenced property consists of eight (8) contiguous parcels: six (6) of which are encumbered by a first priority deed of trust pledged to Tri Counties Bank (the "Bank") to secure an original indebtedness of \$5,632,674.31 (the "Bank's Loan"); and the remaining two (2) parcels are encumbered by first priority deed of trust pledged to the Redevelopment Agency of the City of Lincoln (the "City") to secure an indebtedness of \$2,900,000.00 (the "City's Loan").

Our joint debtor, Lincoln Brand Feeds, Inc., a California corporation ("Borrower"), whose principal shareholders are William and John Falconi, received two (2) offers to purchase all of the parcels securing our loans on June 9, 2018 for a Total Purchase Price of \$4,250,000.00. The offer has been split into two (2) contracts: one (1) for the portion of the properties securing the Bank's Loan, which is for a purchase price of \$4,204,000.00; and the other is for the portion of the properties securing the City's Loan, which is for a purchase price of \$46,000.00. The sale of the properties is contingent upon both the Bank and the City agreeing to release our respective liens on the properties upon the successful close of escrow.

The current principal balance of the Bank's Loan is in excess of \$5,591,408.13. Despite this, we believe the approval of the sale on the parcels securing the Bank's Loan is the best course of action for a recovery on the Borrower's debt. A copy of the offer to purchase the portion of the properties securing the Bank's Loan is enclosed for your review. The Bank will approve its portion of the sale transaction on the following terms and conditions:

- The City will approve the terms of sale for the portion of the properties securing its Loan as specified in paragraph 6(b)(8) of the contract for the purchase of the properties securing the City's Loan;
- No proceeds from the sale will be paid to the Borrower or its shareholders;
- That the Buyer of the properties provide the Bank with all appropriate financial information and supporting documentation to make a credit decision on its application for a loan within five (5) days of acceptance of the offers to purchase;
- That the conditions contained in Section 6 of both contracts for the purchase of the properties be waived or satisfied within the terms of the contract, but in no case later than July 31, 2018;

- That the Total Deposit be released to the Borrower and paid to the Bank by no later than July 31, 2018;
- That any additional deposits released to the Borrower prior to close of escrow shall be paid to the Bank upon receipt;
- That Section 24(f) of both contracts for the purchase of the properties be stricken from the contracts;
- The Bank will allow approximately \$204,000.00 of the Borrower's portion of the closing costs (broker commissions, past due taxes, escrow, and fees) to be deducted from the sale proceeds; and
- All net proceeds of the sale will be paid to the Bank.

Time is of the essence for the approval of the portion of the sale affecting the parcels securing the City's Loan. Please provide a written response by June 21, 2018 delineating your response to the Borrower and if the recommendation will be to approve the contract. Also, please provide me with the procedural steps and a timeline for final approval.

Please call me if you require any further information.

Very Truly Yours,



Richard M. Healy
Vice President

cc: William J. Falconi
John P. Falconi